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Podesta
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Sperling

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

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THE PRESIDENT HAS SEEN
11-8-99

MEMORANDUM FOR THE PRESIDENT

I am pleased to enclose an important new report on access to child care for low-income families that HHS released last week. The report confirms the desperate need for additional investments in child care, and reinforces the critical importance of the Administration's efforts to secure additional child care subsidy funds in our on-going negotiations on the FY 2000 appropriations bills.

This report, titled *Access to Child Care for Low-Income Working Families*, finds that only 10 percent of the children eligible for Federal child care assistance are receiving the help they need. According to the report, which includes estimates done by the nonpartisan Urban Institute, 14.7 million children were eligible under Federal law last year for subsidies to help their parents pay the high cost of child care, but due to the limited funds available under the Child Care and Development Block Grant, only 1.5 million children actually received assistance. The percentage of eligible children who were served varied by state, from a high of just 24 percent in West Virginia to a low of 4 percent in Mississippi.

The report also finds that the price of child care is prohibitively high for low and moderate-income working families that do not receive assistance – from $3,500 to $7,000 a year for a single preschool child. Child care costs consume one-quarter of the income of low income families that pay out of pocket for the care of at least one preschool child.

As you know, the Senate version of the Labor-HHS-Education appropriations bill included an additional $818 million in discretionary funding for the Child Care and Development Block Grant (CCDBG). The Dodd-Jeffords amendment to add this funding passed the Senate by a margin of 54-41 – the fourth time this year the Senate has voted to provide new money for child care assistance. Unfortunately, the Republican leadership did not include this funding increase for child care in the Labor-HHS-Education-DC appropriations bill passed this week.

I hope you will make this additional funding a top priority in Administration negotiations with the congressional leadership and appropriators. The additional $818 million would help approximately 220,000 families pay for safe, reliable care for their children. Securing this funding would represent a major victory for the Administration. It would represent a significant down payment on the $1.155 billion funding increase you requested for the CCDBG this year. Since the entire CCDBG program is forward funded every year, the additional $818 million would not significantly complicate the outlay picture for FY 2000.

Thanks in large part to your economic policies, the U.S. economy continues to be remarkably strong. Yet, as you noted in your speech on October 29, 1999, we as an Administration need to focus on helping parents balance work and family.

As you know, with the unemployment rate at a 30-year low, many employers are struggling to find workers. Even prior to this unprecedented economic expansion, the BLS predicted that women would make up 60 percent of new entrants to the labor force between 1994 and 2005. Welfare caseloads have experienced historic declines over the past few years, further increasing the number of women in the labor force. Unfortunately, parents cannot be productive employees when they cannot find affordable, safe care for their children. The HHS child care report finds that parents who do not receive child care subsidies are much more likely to be late for work, or miss it entirely, due to breakdowns in child care arrangements. Other parents, as you observed in your speech, are at work but are too worried about their children to concentrate on the job at hand.

Quality child care is necessary not only for parents to work productively, but for children's development and success in school. The overwhelming majority of children today are in child care at some point before entering school. New research from NIH reinforces the findings highlighted at your White House Conference on Early Learning and the Brain – children in higher quality child care programs develop stronger language, reading and math skills than do children in poor quality programs. The better the child care program, the better the child is prepared for school.

I am very proud of the progress your Administration has made so far to ensure that parents can succeed at home and at work, and in so doing help their children establish the foundation for a healthy and productive life. Securing additional child care funding in this budget cycle would be a tremendously important step that builds on this record. Thank you for your consideration.

Donna E. Shalala

EXPANDING THE POSSIBILITIES
25 YEARS

NATIONAL WOMEN'S LAW CENTER

Child care

Table of Child Care Votes during the 105th Congress, 2nd Session and the 106th Congress, 1st Session

Date	Action	Vote
March 31, 1998	Motion to waive a point of order as to Dodd amendment to the FY99 Budget Resolution. The amendment was to include a reserve fund to improve the availability, affordability and quality of child care.	50-48
June 11, 1998	Motion to table Kerry-Bond amendment to the tobacco reform legislation. The amendment required a portion of the National Tobacco Settlement Trust Fund to be used to increase the Child Care and Development Block Grant.	33-66
March 25, 1999	Motion to table Dodd-Jeffords amendment to the FY 2000 Budget Resolution. The amendment increased mandatory spending in the Child Care and Development Block Grant by $7.5 billion over five years and provided adequate room in the revenue instructions for an expansion of the Dependent Care Tax Credit.	40-57
April 13, 1999	Dodd-Jeffords motion to instruct conferees to include in the FY 2000 Budget Resolution conference report the Dodd-Jeffords amendment adopted on March 25, 1999.	66-33
July 30, 1999	Dodd-Jeffords amendment to the FY2000 Budget Reconciliation to increase the mandatory spending in the Child Care and Development Block Grant by $10 billion over ten years.	Agreed to by voice vote.
September 30, 1999	Motion to table Dodd-Jeffords amendment to the Labor/HHS FY 2000 appropriations bill. The amendment increased discretionary spending in the Child Care and Development Block Grant from $1.182 billion to $2 billion.	41-54

With the law on your side, great things are possible

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Child care

NUMBER OF CHILD CARE SLOTS FOR LOW-INCOME FAMILIES THROUGH THE CHILD CARE BLOCK GRANT

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Baseline # of children served through CCDBG (current law)	**1 million children**	1.07 million children	1.13 million children	1.2 million children	1.26 million children	1.32 million children
Option One: $4 billion increase over 5 years	--	$0.8 billion	$0.8 billion	$0.8 billion	$0.8 billion	$0.8 billion
100% federal dollars		1.29 million children	1.35 million children	1.42 million children	1.49 million children	**1.54 million children**
80-20% match	--	1.34 million children	1.41 million children	1.48 million children	1.54 million children	**1.6 million children**
Option Two: $9 billion increase over five years	--	$1.2 billion	$1.5 billion	$1.6 billion	$2.0 billion	$2.7 billion
100% federal dollars		1.39 million children	1.55 million children	1.6 million children	1.82 million children	**2.07 million children**
80-20% match		1.48 million children	1.65 million children	1.75 million children	1.96 million children	**2.26 million children**

*The Child and Development Block Grant (CCDBG) is funded through three streams: discretionary, mandatory non-matching, and mandatory matching (based on FMAP: average of 56% federal, 44% state). Each stream is funded at roughly $1 billion in FY 1998. The mandatory matching stream is responsible for nearly all of the block grant growth in the outyears.

*These calculations use FY 1998 dollars and assume a per-child cost of $3,617, which largely represents the subsidy, but also includes set-asides and administrative costs.

Child care

Child Care
Mandatory Spending Options
(Five-Year Costs)

	Option 1	Option 2
Mandatory Programs		
Subsidies for Low-Income Families Through Block Grant	$4.0 billion	$9.0 billion
Early Learning Fund	$2.0 billion	$3.0 billion
TOTAL MANDATORY	$6.0 billion	$12.0 billion
Tax Credits		
Child and Dependent Tax Credit	$5.2 billion	$5.2 billion
Kohl Tax Credit for Businesses That Provide Onsite Child Care	$1.0 billion	$2.0 billion
TOTAL TAX	$6.2 billion	$7.2 billion

Nicole R. Rabner

12/15/97 12:03:20 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc: Laura Emmett/WHO/EOP

Subject: after-school numbers

For 21st Century Learning Center program, OMB uses the following numbers (from DOE):

$40,000/yr per site
$800/yr per child

So, for the 2 options in the OMB memo:

(1) $60 million increase in FY99 (100 million total), 1,500 additional sites would be reached and 75,000 additional school-age children served; and

(2) $160 million increase in FY99 (200 million total), 4,000 addtiional sites would be reached and 200,000 additional school-age children served.

Also, one additional question from OMB re: Early Learning Fund. For OMB's options memo, they included, per your discussion with Barbara, $400 million per year. Did you anticipate that to be phased up in the out years?

children's health insurance so that five million uninsured children can now get the medical treatment they need when they become sick. For the fourth year in a row, millions of Americans could take time off to care for an ailing loved one without fear of losing a job because of the Family and Medical Leave Act. The expanded Earned Income Tax Credit continued to help more and more working families lift themselves out of poverty and into the middle class.

In accomplishing all these things, we successfully abandoned the false choices of the past. We proved that we could indeed balance the budget and invest in our people and the future. And we showed that it is not only possible, but crucial to the survival of the America Dream that we help our people meet their responsibilities to their children and fulfill their duties at work.

No parent should have to choose between work and family, between earning a decent wage and caring for their children. And with this new proposal, they won't have to. This initiative builds on my Administration's previous efforts to strengthen and expand child care. Since I took office, federal funding for child care has increased by 70 percent, helping parents pay for the care of some one million children. Two years ago, we worked hard to ensure that the welfare reform law boosted child care funding by $4 billion over six years.

My new proposal has four fundamental goals. First, and foremost we must make child care more affordable and available to all Americans. In my balanced budget, I will double the number of children receiving child care subsidies to 2 million with a $7.5 billion increase in Child Care and Development Block Grants to states. ~~Recognizing that different communities have different child care needs, we will leave it up to the states to distribute these funds in ways that best serve needy families.~~ We will help three million more working families meet their child care expenses through a $5.2 billion child care tax credit. And, to encourage more businesses to provide child care for their employees, I am supporting $500 million in new tax credits for [illegible] care

This is the best new step we can take to help states [illegible] more people from welfare, and to keep working families from ever going on welfare in the first place.

Second, we must ~~raise~~ ensure safety ~~standards~~ and improve the quality of child care by strengthening enforcement of state codes and licensing requirements, weeding out bad providers through tougher criminal background checks, and encouraging talented caregivers with scholarships to pay for better training. There is still so much we do not know about child care in our country. That is why I am proposing the creation of a National Center on Child Care Statistics to gather information and support a national child care hotline for parents who need advice finding quality care.

Third, we must make sure that our children begin learning from their earliest days and that the child care they receive only advances their development. As we learned at last year's White House Conference on Early Learning and Brain, how our children are cared for and what our children learn in their earliest years can have

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The Annie E. Casey Foundation

April 17, 1998

Mr. Bruce Reed
Assistant to the President for Domestic Policy
The White House
Washington, DC 20500

Dear Mr. Reed:

We are delighted that you will be able to serve as a panelist for our discussion on the state of child care on May 5. The panel will begin at 10:30 a.m. at the National Press Club, following the release of the Casey Foundation's 1998 *KIDS COUNT Data Book*. We will send you an advance copy of the Data Book in the next week, and you are also welcome to attend the press briefing to release the Data Book, which will take place at 9:30 a.m. at the Press Club.

We would like you to present a short overview of your thoughts on the state of child care in America today and, specifically, how your organization is working on behalf of this important issue. Because we want the discussion to allow for appropriate responses and questions, we are asking each panelist to confine opening statements to no more than five minutes. We appreciate your willingness to comply with this request.

Your co-panelists will include Ron Haskins, Staff Director of the House Ways and Means Subcommittee on Human Resources; Lynn Kagan, Senior Associate at Yale University's Bush Center in Child Development and Social Policy; Mary Palmer Smith, Executive Director of Babyland Nursery, Inc.; and James R. Stojak, Executive Vice President, Global Fulfillment, Citicorp Credit Services Inc. The panel will be moderated by Yolie Flores Aguilar, a Los Angeles-based child care and family development consultant.

Our audience will be composed of invited policy makers, child care practitioners and advocates, the media, and representatives from other foundations.

Thanks again for your participation in what we expect will be a timely and stimulating discussion. We look forward to seeing you on May 5.

Sincerely,

Stanley N. Wellborn (bc)

Stanley N. Wellborn
Director of External Affairs

701 St. Paul Street
Baltimore, MD 21202
410 547-6600
FAX 410 547-6624

AEC

The Annie E. Casey Foundation

OK

Jen -
Shd I do this?
-BR

Yes!!

March 27, 1998

Mr. Bruce Reed
Assistant to the President for Domestic Policy
The White House
Washington, DC 20500

Bruce,
This is why Tony Podesta has called you. Jen Klein is going to return his calls.

Dear Mr. Reed,

On behalf of Doug Nelson, president of the Annie E. Casey Foundation, I would like to invite you to serve as the leadoff panelist in a discussion of child care on the morning of Tuesday, May 5. The panel will begin at approximately 10:15 a.m. in Washington.

The Casey Foundation's annual KIDS COUNT Data Book will be released at this National Press Club event. Theme of this year's KIDS COUNT message is the need for safe, affordable, accessible, and quality child care for America's working poor families..

We believe this event will afford an opportunity to present the Administration's child care proposals to an informed audience of policy analysts and media representatives. Your strong interest in and endorsement of expanded child care in America will set the stage for what we believe will be a topical and stimulating discussion.

This letter is simply to advise you of our request and to ascertain if the date is available on your schedule. We will be in touch with your office in the next few days to determine your availability.

We hope you will be able to join us on May 5, and look forward to speaking with you soon.

Sincerely,

Stanley N. Wellborn

Stanley N. Wellborn
Director of External Affairs

TO: Bruce
FROM: Jen and Neera
RE: "KIDS COUNT" Panel Discussion
DATE: 5/4/98

Tomorrow you will participate in a panel discussion on child care sponsored by The Annie E. Casey Foundation. Casey is releasing its KIDS COUNT Data Book, an annual publication tracking the status of children in the United States, and has focused this year's edition on child care. The report highlights the need for safe, adequate and affordable child care, particularly for the 10 million children who grow up in low-income working families (March Current Population Survey, U.S. Census Bureau). The report also concludes that child care is crucial to the success of welfare reform --noting that as more families leave welfare for work, they should not be required to compromise their paramount obligations to their children.

KIDS COUNT Report

Highlights. The report talks about the need for caring and reliable child care for children in the crucial early years and for safe and structured activities for school age children. It notes that the demand for child care is increasing; today, nearly 29 million American children under 13 are likely to need child care while their parents work (over half of the children in that age group). Casey also reports that child care is unaffordable for many families, consuming 25 percent of income for low-income families. The report includes information about the difficulty families face simply finding child care, particularly low-income workers with nontraditional hours. Finally, Casey notes that quality is uneven and often poor and that inadequate care can have a dramatic impact on children's development.

Recommendations. The Casey Foundation commends the President's child care initiative and points to a number of model states that are providing child care in order to assure responsible welfare reform. Their recommendations include: (1) child care should be made more affordable through increased subsidies (i.e., states should reach all working families with incomes up to 85% of state median income) and by making the Dependent Care Tax Credit refundable; (2) employers have an important role to play in providing child care for their employees; (3) quality should be addressed by improving the training and compensation of child care providers and by enforcing adequate state licensing standards; (4) tax credits for families with a stay-at-home parent should be explored; and (5) parents need information in order to become better consumers of child care.

Panel Discussion

The panel discussion will include the following speakers (bios attached):

- Sharon Lynn Kagan, Yale's Bush Center on Child Development and Social Policy
- James Stojak, Exec. VP, Global Fulfillment, Citicorp Credit Services, Inc.
- Mary Palmer Smith, Exec. Director, Babyland Nursery, Inc.
- Ron Haskins, Staff Director, House Ways and Means Subcommittee on Human Resource

The panel's focus will be on how to solve the child care challenge. The discussion will touch on child care policy today; future problems, and solutions to the child care challenge on the local, state, and national level, from both the private and non-profit sector.

You should make the following general points:

- During the policy development process, we based our proposal on a set of values: First, child care is critical to working families; second, parents know best what is right for their children and we must support thier choices; and third, states and communities need flexiblity and federal government shoud give them that flexibility.

- We also recognized that states and local communities are finding the solutions to the child care challenges throughout the nation. States are developing innovative approaches to solve meet the need for more affordable, accessible, higher quality care. As the Casey report notes, states such as Illinois and Minnesota are exploring innovative approaches to provide child-care assistance for all low-income families

- In addition, local communities are trying to find child care solutions that meet their particular needs. For example: In the Atlanta area, Save the Children Child Care Support Center's Family child-care networks offer family child-care providers an opportunity to increase their skills and improve the quality of their services. In Newark, New Jersey, Babyland Family Services, provides entry-level employment, training, career development, and entrepreneurial opportunities for hundreds of community residents at its child-care centers and Ms. Smith will tell us more about this.[MARY PALMER SMITH, ONE OF THE PANELISTS, REPRESENTS BABYLAND.]

- The President's initiative builds on these state and local initiatives, and supports individual choice and state flexibility. Today, parents choose a wide range of child care situations -- be it relative care, family day care, or center-based care. The entire package is tailored to provide maximum flexibility to parents so that they can make whatever choices are best for their families.

- Then discuss the details of the President's initiatives. [See attached one pager.]

We anticipate that the most difficult arguments will come from Ron Haskins. He may argue that states have more than enough TANF money that they can use for child care and he may well refer to CBO's recent projection that states will not use the new child care funds proposed by the President. In response, you should make the following arguments.

- Most importantly, the President's child care initiative is designed to address the child care needs of all low-income working families, not only those coming off welfare. We know from HHS data that many states are setting their elegibility rates far below the federal eligibility rate. Additional funding will help working families who have never been on welfare as well as those families coming off welfare to help meet child care costs that can make up as much as 25% of their income.

- At first, many on the Hill argued that states still aren't using all their current CCDBG funds. In response, we made clear that state financial reports received thus fare show that States have obligated over 99% of the FY 1997 child care funds available to them under the new welfare law. Obligations represent the amount of money that States are committed to spending, reflecting the amount of contracts and agreements that States have made for which expenditures and outlays will be made at a later point.

- States are spending TANF funds at a rapid rate -- they have obligated 90% of their FY 97 TANF awards. By the end of March, their FY 98 outlay rate was about 66% (a higher rate than the comparable figure for March of 1997). The evidence indicates that States are drawing down their TANF funds.

- To date, few States have transferred funds into CCDBG. In FY 97, less than $180 million (slightly more than 1 percent) of TANF funds were transferred into CCDBG. In addition, under CCDBG, states are allowed to ask for reallocations of remaining funds that states do not use. At the end of last year, three-fourths of all states asked for reallocations, already getting in line for any additional funding. This indicates there is a strong demand for funds.

- Finally, we strongly disagree with CBO's projection that states won't use additional CCDBG funds. A recent GAO Report, titled *Welfare Reform: States' Efforts to Expand Child Care Programs*, studied seven states' child care expenditures under welfare reform and found that all seven states are unable to fund child care for all families meeting the federal eligibility criteria who might benefit from such assistance.

[Note for your purposes as background on CBO's projections:

OMB's projection are based on different assumptions than is CBO's. As the Child Care entitlement stands today, at the end of each year, states may request a reallocation of funds that are not used by other states.[See above bullet.] CBO assumes that there would be no request for reallocation and therefore, some funds would simply lapse. However, as pointed out above, three quarters of all states have requested reallocation. Thus, far there has not been much money reallocated, because states are using their funds.

Indeed, recent outlays indicate that CBO's projections are overly negative. We should look at what happened: During first quarter of 1997, the rate of outlay was 22% for matching funds, and 24% for non-matching funds. By the end of the year, 1997 funds were outlayed at roughly 90% for both matching and non-matching funds. For 1998, the rate of outlay was 28% for matching and 27% for non-matching funds, which was higher than the previous year and higher than both OMB's and CBO's projections. In fact, we assume a four-year outlay rate of 67%, which is much more conservative than actual outlays have been up to this point.]

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The Annie E. Casey Foundation

ASSESSING THE CHILD CARE CHALLENGE:

WHERE DO WE GO FROM HERE ?

The issue of child care, already a growing problem for America's families, has captured the attention of policymakers in Congress and the White House. It is also the focus of the Annie E. Casey Foundation's latest *KIDS COUNT Data Book*, which highlights the special need for safe and adequate child care for 10 million kids whose parents work at low-wage jobs, often at night or on weekends. The *Data Book* finds that the current child care systems are hurting kids, costing businesses and sabotaging welfare reform. That is why even bipartisan recognition of the need for increased child care is not enough.

Douglas W. Nelson
President of The Annie E. Casey Foundation
Invites You to Join Him
for a Panel Discussion on this Urgent Issue

Tuesday, May 5, 1998
10:30 a.m. to 12:00 noon
at the National Press Club, Holeman Lounge
14th and F Streets, NW
Washington, DC

Moderator:
Yolie Flores Aguilar, President of the Los Angeles County Board of Education, and formerly, Director of Child Care for Los Angeles

Panelists:

- Bruce Reed, Assistant to the President for Domestic Policy
- Ron Haskins, Staff Director, House Ways and Means Subcommittee on Human Resources
- Sharon Lynn Kagan, The Bush Center on Child Development and Social Policy, Yale University
- James Stojak, Executive Vice President, Global Fulfillment, Citicorp Credit Services, Inc.
- Mary Palmer Smith, Executive Director, Babyland Nursery, Inc.

For more information or to R.S.V.P. call 202-879-9314

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news

MEDIA ADVISORY

Contact: Anneliesa Clump
Christy Campbell
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1998 *KIDS COUNT Data Book*
NEW DATA ON THE CHILD CARE CHALLENGE AND RECOMMENDATIONS FOR REFORM TO BE RELEASED
States Ranked Best Through Worst On Children's Well-Being

WHEN: **Tuesday, May 5th at 9:30 a.m.**

WHERE: **First Amendment Lounge, National Press Club**
14th and F Streets, NW – Washington, D.C.

WHO: Representatives of the Annie E. Casey Foundation, publisher of the *KIDS COUNT Data Book.* (Including Oz Nelson, Retired Chairman and CEO of UPS and Chairman of the Annie E. Casey Foundation Broad of Trustees, Douglas W. Nelson, President of the Annie E. Casey Foundation, and William O'Hare, KIDS COUNT Coordinator.)

For the working parents of 30 million American children, finding affordable, safe, and accessible child care is a daily crunch. But for 10 million kids whose parents work at low-wage jobs, often at night or on weekends, securing safe and adequate child care amounts to a full-blown crisis. The 9th annual *KIDS COUNT Data Book* reports on the state of our child care system and underscores the need for increased child care support, particularly for working poor families.

The *KIDS COUNT Data Book* also provides detailed national and state figures on indicators such as juvenile crime arrest rate, high school dropout rate, and percent of children in poverty. The state-by-state rankings as well as other findings of the 1998 *KIDS COUNT Data Book*, will be released at the press conference and discussed at the panel following.

For more information, to get an embargoed copy of the *KIDS COUNT Data Book* and state fact sheets, or to arrange interviews, please call 202-393-1010.

A PANEL DISCUSSION on how to solve the child care challenge featuring policy-makers, advocates, and leading academics will be at 10:30 a.m. in the Holeman Lounge, National Press Club.

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A Project of
The Annie E. Casey Foundation
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kids count

news

EMBARGOED FOR RELEASE
May 5, 1998

CONTACT: Anneliesa Clump
Sharon Fischman
202-393-1010
Diane Camper
410-223-2948

THE CHILD CARE CHALLENGE: MAKING CARE AFFORDABLE, PRACTICAL AND TRUSTWORTHY

9th ANNUAL STUDY OF U.S. CHILDREN MANDATES ACTION

WASHINGTON, DC – Every working day, parents of 29 million children confront the challenge of finding safe and reliable child care while balancing the demands of work. But finding adequate and affordable care for the 10 million children in America's lowest income families is a never-ending crisis.

That is the central finding highlighted in the 1998 edition of the Annie E. Casey Foundation's *KIDS COUNT Data Book.* According to that report, child care costs consume, on average, fully one-fourth of the income of those Americans who earn less than $1,200 a month – even after existing public subsidies are counted.

Moreover, demand for available child care is soaring, driven by the fact that an estimated 70 percent of all women with pre-school children – including millions of former welfare mothers – will be working outside the home by the year 2000.

"American families need a child care system that is affordable, practical, and trustworthy," says Douglas W. Nelson, president of the Casey Foundation. "If we don't improve upon the current state of child care, we will not only undermine welfare reform and weaken the future workforce, but we also end up putting tens of thousands of children in harm's way."

The ninth annual KIDS COUNT report also finds dangerously few good options for the more than one-fourth of working poor parents who do not work traditional 9-to-5, Monday-to-Friday shifts, when child care is now most often available. And the study documents a growing need for after-school programs for some 3.5 million young children who are left by themselves until their parents return from work.

Even when parents can find child care, it is often substandard. One multi-state study cited in the report found that only 1 out of 12 infant and toddler rooms at child care centers provided developmentally appropriate care, and 40 percent were deemed a potential threat to children's health and safety. The report links low quality child care to low wages and inadequate training for child-care workers – problems that make it difficult to attract and retain skilled staff.

(more)

"Parents trying to make ends meet and provide quality care for their children need a child care environment that helps prepare their children for school," Nelson said. "Success begins from the start, but so does failure. Nurturing, high quality child care puts children on the road to success."

Welfare-to-Work: The Child Care Deficit

The report emphasizes that the lack of affordable and practical day care is a significant barrier preventing welfare recipients from making a successful transition to employment. A study in Minneapolis, for example, found that one-quarter of the former welfare recipients on the waiting list for child care went back on public assistance because child care never materialized.

Without coordinated efforts by government, business, and religious and civic organizations, affordable, practical, and trustworthy child care will never become a reality for the people who need it most, the report asserts.

"If we fail to provide children, especially those poor children who are most at risk, with quality child care, we are gambling with their future," said Nelson. "Child care is a make-or-break issue for welfare parents making the transition into the workforce. Welfare reform that puts mothers to work at the cost of putting their children in jeopardy is a flawed reform."

As the report notes, child care complications affect not only welfare mothers, but all working families. In fact, 75 percent of working mothers reported disruptions in job attendance due to child care difficulties. Meanwhile, according to estimates cited in the study, U.S. business is losing $3 billion in productivity each year because of working parents' problems with child care.

The report underscores the need for increased funding for federal child care block grants to the states as well as the desirability of expanding and making refundable the dependent care tax credit. States are urged to ensure that subsidy levels are sufficient for low-income and welfare-to-work families. The report also exhorts states to make assistance more flexible to accommodate the needs and preferences of low-income families.

To improve quality, the report recommends better compensation and training for child care employees. Minimum quality standards by states and consistent enforcement of these standards by public agencies are also recommended. In order to meet the special needs of low-income families, the report calls for more investment in neighborhood-based child care, including centers operated by churches and community organizations as well as programs located in schools or public housing communities. Such local facilities offer not only convenience to parents, but also employment and training for neighborhood residents.

(more)

Finally, the report urges that more information be available to parents so that they can become better consumers of child care. To assist with consumer awareness, the 1998 Data Book is being issued with a resource kit, entitled *Child Care You Can Count On: Model Programs and Policies*, that details where parents and child care providers can find the best practices in the field.

In addition to providing child care facts and analysis, the 1998 *KIDS COUNT Data Book* updates the Casey Foundation's annual comprehensive state-by-state statistical assessment of the well-being of American children. Using the best available government data, the report uses several key indicators to track the condition of children over time. (For a more complete summary of these indicators, with background information for each state, including demographic, economic and health data, see the enclosed National Fact Sheet, or use the on-line database available at **www.kidscount.org**).

The Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children and families in the United States. It was established in 1948 by Jim Casey, one of the founders of United Parcel Service, and his siblings, who named the Foundation in honor of their mother.

Along with publishing the *KIDS COUNT Data Book*, the Casey Foundation also funds a nationwide network of state-level KIDS COUNT projects that provide more detailed, community-by-community data on the condition of children.

###

PRESIDENT CLINTON'S PROPOSAL: CHILD CARE THAT STRENGTHENS AMERICAN FAMILIES

"Not a single American family should ever have to choose between the job they need and the child they love."

President Bill Clinton
State of the Union Address, January 27, 1998

President Clinton announced an historic initiative to improve child care for America's working families. The initiative proposes over $20 billion over five years for child care -- **to help working families pay for child care, build a good supply of after-school programs, improve the safety and quality of care, and promote early learning**.

ENSURING AFFORDABLE, ACCESSIBLE, SAFE CHILD CARE. The President's child care initiative responds to the struggles our nation's working parents face in finding child care they can afford, trust and rely on. The new initiative:

- **Makes child care more affordable for working families.** To help working families struggling to meet the costs of child care, the initiative invests $7.5 billion over five years to double the number of children receiving child care subsidies to more than two million by the year 2003. The initiative also invests $5.1 billion over five years to increase tax credits for child care for three million families and provides a new tax credit for businesses that offer child care services to their employees at a cost of $500 million over five years.

- **Increases access to and promotes early learning and healthy child development.** To improve early learning, the initiative includes $3 billion over five years to establish an Early Learning Fund that helps local communities improve the quality and safety of child care for children ages zero to five. The initiative also increases investment in Head Start and doubles the number of children served by Early Head Start to 80,000.

- **Improves the safety and quality of child care.** To help ensure safe, quality child care, the initiative: steps up enforcement of state health and safety standards in child care settings, facilitates background checks on child care providers, increases scholarships and training for child care providers, and invests in child care research and evaluation.

- **Expands access to safe after-school care.** To help create safe, positive learning environments for American school-age children who lack adult supervision during a typical week, the initiative increases the 21st Century Learning Center Program by $800 million over five years to provide after-school care for up to half a million children a year.

The Annie E. Casey Foundation hosts

ASSESSING THE CHILD CARE CHALLENGE: WHERE DO WE GO FROM HERE ?

Tuesday, May 5, 1998

BIOGRAPHIES OF PANELISTS

YOLIE FLORES AGUILAR - Moderator

Yolie Flores Aguilar, President of the Los Angeles County Board of Education, is a child care and education leader in Los Angeles. Ms. Aguilar chairs the Los Angeles County Child Care Capacity Workgroup, is an executive member of the Children's Planning Council and the Los Angeles Roundtable for Children, and serves on the Los Angeles County Welfare Reform Taskforce. Recently, she joined the National Economic Development and Law Center as a Senior Program Manager, and prior to that she was Director of Child Care Policy and Planning for the City of Los Angeles and the former Work/Family Director for the Los Angeles Department of Water and Power. Ms. Aguilar was in the inaugural class of the Annie E. Casey Foundation's Children and Family Fellowship Program. She has played a critical role in shaping the section on child-care policy in this year's *1998 KIDS COUNT Data Book.*

RON HASKINS

Ron Haskins is the Staff Director for the Subcommittee on Human Resources of the Committee on Ways and Means, U.S. House of Representatives. Mr. Haskins is the chief House staffer responsible for child care related legislation. Prior to being Staff Director, Mr. Haskins was welfare counsel for the Republicans on the Ways and Means Committee. Before working on Capitol Hill, he was a research professor at the University of North Carolina at Chapel Hill. Mr. Haskins has published books and articles on children and policies. In his 11 years in Washington, Mr. Haskins has worked primarily on welfare reform, day care, child support enforcement, foster care, unemployment, and budget issues.

SHARON LYNN KAGAN

Sharon Lynn Kagan, Senior Associate at Yale University's Bush Center in Child Development and Social Policy, is recognized nationally and internationally for her work related to the care and education of young children and their families. Presently, Dr. Kagan is the President-Elect of the National Association for the Education of Young Children, Co-Chair of the National Education Goals Panel on Goal One, and a member of more than 40 national boards or panels. She has recently completed a national study, Not By Chance, the report of The Quality 2000 Initiative, and Co-edited new volumes on Reinventing Early Care and Education, and Children, Families and Government. Dr. Kagan has been also a Head Start teacher and director, and Director of the New York City Mayor's Office of Early Childhood Education.

BRUCE REED

Bruce Reed, Assistant to the President for Domestic Policy and Director of the Domestic Policy Council, is the chief architect of the Administration's child-care proposals. He oversees a variety of domestic issues including welfare reform, education, health care, and crime, as well as long-term policy development. Mr. Reed served Deputy Assistant to the President for Domestic Policy from 1993 to 1995 and Assistant to the President for Domestic Planning from 1995 to 1996. In 1992, he was Deputy Campaign Manager for Policy of the Clinton-Gore campaign. From 1990 to 1991, he served as Policy Director of the Democratic Leadership Council, where he was editor of The New Democrat magazine. He worked as Chief Speechwriter to then Senator Al Gore from 1985 to 1989.

MARY PALMER SMITH

Mary Palmer Smith is the founder and Executive Director of Babyland Nursery, Inc, a model child-care center. Ms. Smith operates six child-care centers, which annually provide quality care to more than 700 children in the Newark, New Jersey area. In addition, Babyland has a network of family-based child-care providers, training mothers who can work in their own homes. A high proportion of participating families are low income or on welfare, although the centers also serve middle- and upper-income families. Babyland employs nearly 200 workers, and construction of four new centers will create additional jobs in future years. Ms. Smith recognizes the link between reliable and affordable child care and economic independence for working families. Ms. Smith served as a trustee of the New Jersey University of Medicine and Dentistry. She is a member of the State Human Services Advisory Council, a member of the State Child Care Advisory Board to name a few.

JAMES R. STOJAK

James R. Stojak, Citibank Executive Vice President, Global Fulfillment, leads the Corporation's strategic initiatives to deliver the highest quality products and services to consumers worldwide. Citibank, one of the world's leading financial organizations, is committed to helping employees balance the demands of work and family by providing high quality, affordable, onsite child care at locations across the United States. Mr. Stojak directs efforts to establish both short and long term strategies for the business. Previously, he served as Senior Vice President of Computing and Communications at Wells Fargo Bank, San Francisco. Prior to that, Mr. Stojak was Vice President and Manager of Systems Technology at Continental Illinois National Bank, where during a 13 year career at the bank he held various management positions in systems and operations.

Brief Biography
Ron Haskins
April 1997

Ron Haskins is the staff director for the Subcommittee on Human Resources of the Committee on Ways and Means, U.S. House of Representatives. Prior to becoming staff director, he was welfare counsel for the Republicans on the Ways and Means Committee. Previously, he was a research professor at the University of North Carolina at Chapel Hill, a lecturer in history and education at the University of North Carolina at Charlotte, a high school social studies teacher in Charlotte, North Carolina, and a non-commissioned officer in the United States Marine Corps. After completing his undergraduate degree in history, Haskins obtained an M.A. in education and a Ph.D. in developmental psychology from the University of North Carolina at Chapel Hill. Haskins has published books and articles on intellectual development, illness and day care, day care policy, education policy, divorce and child support, federal expenditures on social programs, and federal budget and tax policy. In his 11 years in Washington, Haskins has worked primarily on welfare reform, day care, child support enforcement, foster care, unemployment, and budget issues. He is remarried and has four children ranging in age from 9 to 30.

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SHARON LYNN KAGAN, Ed.D.

BIOGRAPHICAL STATEMENT

Sharon Lynn Kagan, Senior Associate at Yale University's Bush Center in Child Development and Social Policy, is recognized nationally and internationally for her work related to the care and education of young children and their families. Dr. Kagan is a frequent consultant to the White House, Congress, the National Governors' Association, the U.S. Departments of Education and Health and Human Services, and numerous states, foundations, corporations, and professional associations. Presently, she is the President-Elect of the National Association for the Education of Young Children (NAEYC), Co-Chair of the National Education Goals Panel on Goal One, and a member of over 40 national boards or panels. Formerly, Chair of the Family Resource Coalition of America's Board of Directors, and a member of President Clinton's education transition team, National Commissions on Head Start and Chapter 1, and the NAEYC Governing Board, Dr. Kagan has received numerous awards, among them an honorary doctoral degree from Wheelock College and a distinguished alumna award from Teachers College, Columbia.

Dr. Kagan is a prolific author, having written over 120 publications including the authorship or editorship of 12 volumes and the guest editorship of numerous journals. In her writings, Dr. Kagan has investigated issues including the development of policy for children and families, family support, early childhood pedagogy, strategies for collaboration and service integration, and the evaluation of social programs. She has recently completed a national study, *Not By Chance*, the report of The Quality 2000 Initiative, and co-edited new volumes on *Reinventing Early Care and Education*, and *Children, Families and Government*. Her analytic work has been supported by research grants from ten national foundations, along with the U.S. Departments of Education and Health and Human Services. Augmenting her scholarship with practice in the field, Dr. Kagan has been a Head Start teacher and director, a fellow in the U.S. Senate, an administrator in the public schools, and Director of the New York City Mayor's Office of Early Childhood Education.

12/97

Citicorp Executive Biography:

James R. Stojak
Executive Vice President, Global Fulfillment
Citicorp

James R. Stojak, Citibank Executive Vice President, Global Fulfillment, leads the Corporation's strategic initiatives to deliver the highest quality products and services to consumers worldwide. In this role, Mr. Stojak directs efforts to establish both short and long term strategies for the business.

Mr. Stojak's overall responsibilities comprise overseeing and expanding the methods of customer interactions. This includes leveraging best practices throughout the corporation to enhance both the spectrum of products the bank offers and the variety and quality of methods of customer contact -- from telephones to ATMs to personal computers. As a senior business leader, he has overall accountability for developing the operational strategic direction to ensure the company excels in the competitive financial marketplace. Since joining Citibank in 1985, Mr. Stojak has held a variety of strategic organizational positions. Joining the corporation as Senior Vice President, Director of Information Services for Bankcards, he then became General Manager of Citicorp Credit Services, Inc. (Maryland). In 1990, Mr. Stojak assumed overall responsibility for the bank's credit card operations in Sioux Falls, South Dakota; The Lakes, Nevada; and Hagerstown, Maryland. In 1993, Mr. Stojak became a member of the Executive Team responsible for Citicorp's U.S. Card Products Group. He became Chief Operating Officer for Europe/North America Bankcards in 1994. He assumed his current responsibilities in February, 1997.

Mr. Stojak's professional background includes serving as Senior Vice President of Computing and Communications at Wells Fargo Bank, San Francisco. Prior to that, he was Vice President and Manager of Systems Technology at Continental Illinois National Bank, where during a 13 year career at the bank he held various management positions in systems and operations.

Mr. Stojak serves on various professional organizations. He holds an MBA in Finance from DePaul University, Illinois. Mr. Stojak's office is located in Hagerstown, Maryland.

yolie flores aguilar

serving comunities, children, & families

Yolie Flores Aguilar, appointed to the Los Angeles County Board of Education in 1995, is one of the highest ranking Latinas in local public education and in children's advocacy. She is the former Director of Child Care for the City of Los Angeles, and currently a Senior Program Manager with the National Economic Development and Law Center where she works with communities across the country in planning for neighborhood child care development and implementation. She has also consulted to the Annie E. Casey Foundation on child care and Latino children's issues. Previously, at the Department of Water and Power, she designed and managed DWP Family Care, a nationally acclaimed employer-supported child care and work/family program.

As a recognized leader in children's issues in Los Angeles, Ms. Aguilar serves on various boards to help improve the lives of children, families, and communities. In her capacity as President of the L.A. County Board of Education, she has gained the commitment from the Los Angeles County Office of Education to develop and implement an early childhood development initiative. As an executive member of the Children's Planning Council, she has the led the county-wide effort to develop children's planning collaboratives in each of the eight Service Planning Areas of Los Angeles County. In addition, she co-chairs the Los Angeles County Child Care Capacity Development Work Group, is a member of the Los Angeles County Welfare Reform Taskforce, is vice president of the board of the Pediatric and Family Medical Center, an executive board member of the Los Angeles Roundtable for Children, and a founder and director of the National Latina Alliance.

Yolie Flores Aguilar is an avid and passionate bilingual speaker on early childhood development and on the power and responsibility of parents and communities in charting a successful future for all children.

Ms. Aguilar is a graduate of the University of Redlands and received her master's degree in Social Welfare from the University of California, Los Angeles. In 1993, Ms. Aguilar was one of ten selected in the nation to participate in the 1993-94 inaugural class of the Children and Family Fellowship sponsored by the Annie E. Casey Foundation. Most recently Ms. Aguilar was selected by the YWCA of Greater Los Angeles as one of twenty multi-ethnic women for the Incredible Women Making History award.

MARY PALMER SMITH

I. BIOGRAPHY

Mary Smith, the founder and Executive Director of Babyland Nursery, Inc. earned a B.S. degree from Rutgers University-Livingston College with a major in Sociology and an M.A. from Kean College in Early Childhood Education. She was awarded honorary doctorates by Seton Hall University, South Orange, New Jersey and Drew University, Madison, New Jersey.

Mrs. Smith served as a trustee of the New Jersey University of Medicine and Dentistry. She is a member of the State Human Services Advisory Council, a member of the State Child Care Advisory Board, New Jersey State Department of Human Services Ad Hoc Committee on Infant /Toddler Child Care Regulation; National Center for Urban Ethnic Affairs; and The National Committee of the Campaign for Human Development. Her awards include: Kean College-Outstanding Graduate; New Jersey Pride Award, 1989; Senator Bill Bradley's "Unsung Heroine Award" and the Pro Ecclesia et Pontifice Award from Pope John Paul II, the highest award that the Catholic Church gives to a lay person. This marked the first time a black woman had ever been the recipient of this award. She was also one of the "Faces of Hope" guest at President Bill Clinton's Inaugural Gala. In 1996, Mary was presented the Phenomenal Woman Award by the Honorable Gayle Chaneyfield, Councilwoman-at-Large and she also received the Ann Klein Award for dedicated and forceful service as a community activist who advocates for the delivery of quality service to the elderly population of Newark's Central Ward.

A resident of Newark since she was six years old, Mary Smith is thoroughly familiar with inner-city problems, especially those of Newark, a city whose people she loves with all of her heart. She has seen her city change from a multi-cultural city where small flourishing businesses lined the streets. She remembers when the downtown area was once a major regional retail center with large department stores, branches of national chain merchandisers, three large movie theaters and cultural sites and events that rivalled those of most cities.

> "This was a place where you could leave your door unlocked. In our neighborhood there were blacks and whites. Then you began to see a progression in the early 1960's with whites who used to live over their businesses starting to move to the suburbs. Buildings started looking terrible. People stopped cleaning up, and the suburbanites coming back in to look around would say 'I lived there and look at how bad it is now.' They were blaming black people who didn't own the housing. People from the suburbs owned it, but

they wouldn't paint it or repair anything."

Mrs. Smith had four young children and was juggling a number of jobs with her husband. However, when the needs of a sick child demanded more of her attention, she stopped working. In 1964 the family moved to Scudder Homes, the State's largest public housing project which was made up of a series of 13-story buildings, housing 1,200 families. The lessons she learned about public housing, life and the people in Newark's infamous public housing projects molded her thinking and helped to shape the New Community philosophy.

> "I was the third person to move into my building. The day after I moved in, I went shopping and returned to find the elevator was broken. I lived on the eleventh floor, and that elevator stayed broken. Then we didn't have hot water. I found out they didn't put screens on windows above the seventh floor. I went to complain about the mosquitos we were getting at night and was told that the Federal government had determined that mosquitos didn't go above the seventh floor. The mosquitos were eating my kids up. It changed my attitude about people in public housing."

Mrs. Smith organized the residents to fight back by prodding the public housing bureaucracy to provide hot water, repair elevators and put screens on windows. She worked tirelessly with tenants, teaching them skills like budgeting, sewing and doing laundry. Within six months, Mrs. Smith became president of the new tenant's association at Scudder Homes and became involved in a statewide public housing tenant's group, schooling herself in neighborhood activism and even agitating for improvements in Newark's overcrowded public school system.

Residents also expressed concerns about street crime and other dangerous conditions in their neighborhoods, which they attributed partly to a lack of police presence. Mary Smith's response was to organize the Tenant's Association of Scudder Homes and tenants from other public housing to pack the City Council meeting with 1,500 residents. The politicians got the message and soon provided additional police protection for the area. The group also called for a Police Review Board to investigate suspected corruption on the force. The Newark Police Department refused, but did permit neighborhood representatives to ride on police patrols to see them doing their jobs and to convince residents that police were not brutal.

Mary Smith next became involved in Operation Understanding, an early civil rights awareness movement in Newark. This involvement followed a series of conversations and meetings with Father William J. Linder, the founder of New Community Corporation, who wanted Mrs. Smith involved in the efforts that were to seed one of the most effective community development relationships in Newark. From this sprang a remarkably effective and dedicated group called Operation Housewives that was soon to have 15 chapters around New Jersey. Mrs. Smith became co-chairperson of this coalition of urban and suburban women.

She spent six years traveling to churches in the suburbs talking about the plight of inner city residents. One of the messages that she took was the need to create well-paying jobs for urban women. The suburban women could encourage their husbands to help by opening up jobs and developing training programs. Many of the suburban men held prominent posts in prestigious firms.

However, according to Mrs. Smith, jobs were of minimal value, without reliable child care for the prospective working mothers, during working hours. No day-care center in Newark would accept children under 2 1/2 years of age. Nor was there any infant day care center in New Jersey.

Mary Smith was determined to provide day care, and for over twenty five years has been doing just that. With funds from the Operation Housewives' thrift shop, the first Babyland Nursery opened in August 1969 in a seven-room apartment in Scudder Homes. Now there are seven centers, caring for nearly 700 children in the Central Ward, the Roseville area and Downtown Newark.

Although she is now a grandmother of five, Mary Smith shows no signs of slowing down. She has a hands-on approach to her Babyland responsibilities and serves as treasurer of the Board of Directors of New Community Corporation, as well.

II. BABYLAND NURSERY

Babyland Nursery, Inc. was incorporated in the state of New Jersey in 1970 and Mary Smith became the Executive Director. Babyland was a national trailblazer when it began providing day care to the children of the Central Ward. It was New Jersey's first non-profit interracial day care center for children from 2 1/2 months to five years old. Not a single day care center in Newark would accept children under 2 1/2 years of age, and infant day care was unheard of in New Jersey.

Mary Smith understood that the hundreds of mothers in her neighborhood required good, dependable day care, if they were going to hold down jobs. She continued to inform her suburban counterparts about the jobs that Central Ward residents needed and the obstacles they faced in finding day care for their children. The group set up the Central/West Ward Service League of Newark, which opened a thrift shop called Operation Housewives, at 302 South Orange Avenue. Run by Newark women and stocked by suburbanites, this entrepreneurial venture succeeded in raising the money needed for the day care center. With the intervention of the suburban women, the fledgling group received a vacant seven-room apartment in the Scudder Homes Housing Project.

EARLY STRUGGLES

> "We did the work ourselves," Mary Smith says, "And, in a year the center was open. It was beautiful, bright and cheerful with new furniture. Operation Housewives helped us staff it. I insisted that it had to be equal to what you'd find in suburbia: no second-hand furniture or equipment, nothing inferior."

Babyland was an immediate success. The center's hours were 6:00 a.m. to 6:00 p.m. and the original enrollment of 26 children soon grew to 40. Within a year Babyland's waiting list had ballooned to 200 families. Three years later more than 1,000 mothers were waiting to have their children admitted--evidence of the need for child care in the Central Ward.

This partnership, unique at the time, forged a strong bond between the more privileged element of society who saw a need and responded to it and the less privileged inner city dwellers. In a sense the "founding mothers," both black and white, set a precedent for Babyland's being supported mutually by the inner city parents and other more affluent members of society. No Federal or State funding was used until 1973.

Finances were initially very scarce. Government officials were not inclined to respond favorably to Babyland's request for State and Federal aid to offset the cost of caring for the children. The New Jersey Bureau of Children Services, the State agency dealing with children's issues, said Babyland could not receive government aid because it lacked the proper license for child care, furthermore it was impossible to license Babyland, they alleged, because there were no Federal guidelines for certifying infant day care centers. No license meant no aid, but no one could issue a license because there were no rules.

After a year-and-a-half of phone calls, meeting with lawyers and various investigations, Babyland's Executive Director discovered that the Federal government required a state to have regulations and standards for infant day care in order to qualify for aid. New Jersey had none. Nor would it supply the 25% State Match of funds that the Federal program required.

"To write standards, we had to go to the politicians and that's where the suburbanites came in again," Mary Smith said.

Babyland's suburban allies enlisted Assembly Speaker Thomas Kean(later to be Governor of New Jersey) and other legislators in their cause. Mr. Kean called public hearings to examine the lack of day care in the State. The hearings put pressure on the State to write standards that would free Federal money for Babyland.

The pressure on state officials to act was also increased by U.S. Senator Harrison Williams, who suggested circumventing Federal regulations by having Babyland certified as a pilot project which would make it eligible for Federal aid; a move that would have placed the day care center beyond the reach of New Jersey bureaucrats.

Babyland's Executive Director meanwhile asked to sit on the State Task Force that was being formed to draft infant day care standards. In 1970 and 1971 Mary Smith, the women from Operation Housewives, and the Board of Directors of Babyland drafted four proposals for infant day care standards. The state responded to their ideas by declaring that it was not writing guidelines, but just studying whether they were needed or not. Eight months later, on September 23, 1971, guidelines for infant day care were published. The title was Standards for Group Day Care of Infants. They had been developed by Mary Smith and her associates.

State regulators ignored virtually all of Babyland's recommendations and drew up a list of regulations that would have created more problems than they solved. Assembly speaker Kean again came to Babyland's aid, scheduling hearings that allowed its directors to mount a challenge to the State's guidelines. Because of the Trenton hearings and the continuing political pressure on State regulators to compromise, many of the regulatory changes supported by Babyland were finally enacted.

BABYLAND BEGINS TO EXPAND

When public monies became more readily available in 1973, Babyland had already bought and renovated a former medical office building for its second day care center. A child abuse program, with 35 day care slots, opened in 1975. That same year the original Babyland in Scudder Homes Housing Projects had to close after a rash of break-ins, leaking pipes, a basement fire and the lack of heat and hot water. Their experience at Scudder Homes made Babyland's Executive Director and supporters determined to build and control their own facilities in the future.

In 1978 Essex County wanted to setup a shelter for the victims of Domestic violence. A number of traditional service agencies were anxious to win the contract to run the facility, but thought the $50,000 budgeted was insufficient. Meetings went on for a year, thus, this long-term haggling placed the funding in danger of expiring. Then a surprising development occurred at one of the meetings that Babyland was hosting. Babyland was offered the contract to run the shelter because the New Jersey Division of Youth and Family Services(DYFS) was impressed with its commitment, experience, capabilities, and track record for success. Through a concerted effort, DYFS facilitated the process to have Babyland run the facility. Today the Babyland-sponsored Essex County Family Violence Program provides housing and counseling for more than 40 women and their children each month.

Babyland III, a $2 million facility for nearly 200 infants and toddlers, opened on South Orange Avenue in 1981. The nursery was planned by more than 50 neighborhood residents, Babyland employees, and a number of early childhood experts, who helped to custom-design it. A $900,000 mortgage was financed through the New Jersey Economic Development Authority with first Fidelity Bank of New Jersey. The first center to be built in New Jersey for infants and toddlers, from the ground up, it is truly a child-centered state of the art day-care facility.

SPECIAL POPULATIONS

Several years later, the Federal Head Start Agency wanted to launch two pilot programs for HIV children, a Newark Head Start provider was asked to set one up. They refused to get involved because of the stigma attached to AIDS. However, Babyland accepted the challenge and in 1989 opened one of the nation's first day care centers for children infected with HIV. The Babyland IV center provides medical treatment and day care for 30 children, as well as counseling, education and support services for their parents. With New Jersey ranking fourth nationally in pediatric AIDS cases and with more than 200 children being treated at Newark's United Hospitals Medical Center for the illness, Babyland IV fills another critical void in the Central Ward. It allows the toddlers to socialize in a pleasant environment with age-appropriate activities, rather than have them restricted to the lonely, clinical surroundings of a hospital.

Babyland Nursery, Inc. is also taking on the challenge of teenage pregnancy in the City of Newark, through a program that serves teen mothers and their children. The Babyland Parent-Child Center operates a two part program which is Federally funded by Head Start. One section offers services to 31 pregnant teenagers, ages 15-18, who attend workshops that teach nutrition, pre-natal care, and parenting skills. Girls who are not under a physician's care are referred to a clinic. A host of services is available, such as Women, Infants, Children(WIC), food stamps, and other services that ensure the well-being of the infant and mother. The Head Start Parent Center offers an additional 15 young women a chance to create a better life for their babies and themselves. Mothers who are 16-18 years old may place their children from ages three months to three years in the Babyland I Day Care Program while they attend school or work. They must attend workshops each weekday from 3:30 to 4:30 where they learn good parenting skills, life skills, and the availability of social services. They are encouraged to go into their children's classes, both to participate in their children's care and to observe skilled caregivers who serve as parenting role models. Most stay in the program for the entire three years.

In 1990 when New Community opened Harmony House, 102 units of traditional housing for homeless families, Babyland V became an integral part of the facility. It now serves 76 homeless infants and toddlers each day while their parents are learning how to become self-sufficient through job training and basic education.

Babyland VI opened in 1992 in the downtown headquarters of New Jersey Blue Cross and Blue Shield. It has the capacity to serve up to 95 children of Blue Cross/Blue Shield employees. In 1994, Babyland VII began operating in a bright, freshly remodeled, growth and development conducive facility which was once a building that belonged to the Telephone Company. Serving mostly children at risk, the center serves nearly 60 toddlers.

CHILDREN TOGETHER: FOSTER CARE

Babyland pioneered a new form of child care in 1993 when it opened Children Together. Brothers and sisters from severely dysfunctional families are often separated, not only from their parents, but also from each other when they are by necessity placed in foster care. This severance has devastating effects on children. However, if they can remain together as part of their natural family, they retain some semblance of stability and permanence. Children Together provides a community-based option that offers continuity of care and planning for sibling groups and other children from birth to ten years of age by using a three-fold approach:

-Children Together Home (South Orange, N.J.) is a residence with a capacity for twelve children, with enough room to house siblings who are maintained together in a family-style living environment.

-Specialized Foster Homes Program which offers training and evaluation of prospective foster parents, coordinated case management, and has a community resource component. In March 1995, Babyland established the Boarder Babies Program as part of its Foster Care Program. Through this program, babies who are not permitted, by DYFS, to leave the hospital with their parents are placed in the loving care of foster parents.

-Provides support services and special training to DYFS foster parents, which include crisis intervention, health care, nutrition, special cultural requirements and family reunification.

Children Together emphasizes the merits of a home-like, supportive environment by means of appropriate role-modeling, positive relationship building activities, family-group oriented functions, and warm, comfortable physical surroundings.

SUMMARY

Babyland Nursery's eight locations include six day-care centers, a Family Violence Shelter, and the Children Together Home. A total of 20 different programs address the needs of children and their families. The centers provide quality day care for over 1000 children, ranging from prenatal to 5 years of age. They benefit from both an early childhood education and a health maintenance and nutrition program, parent involvement in their children's development, as well as a transportation program.

The services provided to the children at every Babyland center are comprehensive. Nearly half of the youngsters cared for in the seven nurseries receive a wide array of social services. Field workers visit their homes, assisting parents to care properly for their children. All of the toddlers are enrolled in the Federal WIC Program to ensure that their nutritional needs are met. Children are immunized and given complete physical examinations. The centers keep complete medical records on each child.

The staff of 197 during summer months, includes 165 full-time employees. Nearly half hold professional degrees or certifications. Their backgrounds range from Child Development Associate to Ph.D. and cover many fields including: Social Work, Sociology, Nursing, Early Childhood Education, Nutrition, Family & Child Development and Psychology. This highly experienced staff is augmented by volunteers who serve at most centers, and 15 members of the State's Foster Grandparents Program who serve at Centers I, III, and VII.

Babyland has a proud tradition of staff training. It develops and maintains high standards of care. Its teachers and caregivers are continually updated on the latest methods and trends in infant and early childhood education. Caregivers can earn up to 36 credits in Early Childhood Education through on-site, in-service training courses which are taught by accredited staff members.

The New York Times

April 29, 1998, Wednesday, Late Edition - Final

Recent study

SECTION: Section A; Page 14; Column 4; National Desk

LENGTH: 683 words

HEADLINE: From Welfare Roll to Child Care Worker

BYLINE: By TAMAR LEWIN

BODY:

Many day care centers, especially for-profit chains, are hiring welfare recipients to care for young children.

In a survey of 158 centers in five cities, the Center for the Child Care Work Force, a nonprofit research and advocacy group in Washington, found that 35 percent of the centers employed welfare recipients.

But 80 percent of the for-profit chains, the fastest-growing segment of the day care industry, employed welfare recipients as against 40 percent of the independent, nonprofit centers, 30 percent of the church-sponsored centers and 20 percent of the independent, for-profit centers.

"For-profit child care has a history of going after low-wage workers," said Deborah Phillips, an author of the study. "They used to go after grandparents, and now they're going to welfare recipients. They are hired primarily as the lowest-paid assistants at centers with the lowest wages. Absent training and anything like a decent wage, this solution to welfare reform and need for child care is unlikely to provide women a route to self-sufficiency."

The Federal welfare overhaul law requires recipients with young children to find work, and that has increased the demand for both child care services and jobs for many women with little education or job training. Many states have responded to those dual needs by putting those women to work in child care centers, raising concerns both for the women hired and the children they care for.

The centers that pay the lowest wages are the ones most likely to employ welfare recipients. Fewer than half the centers that hire welfare recipients offer on-site training, and only 1 in 5 offers the kind of college-credit training required for the better-paying child care jobs.

"These women are just thrust into classrooms," said Ms. Phillips, who is also director of the National Academy of Science's Board on Children, Youth and Families. "If this was first-grade teachers we were talking about, I don't think we'd consider doing this."

The new study is based on a sample of child care centers in Atlanta, Boston, Detroit, Phoenix and Seattle. In 1988, the center did an in-depth study of staffing and quality at 227 centers in those cities, finding that the best child care was in nonprofit centers, and those with the highest wages, lowest turnover, best training and fewest children assigned to each teacher.

The centers in the new study represent those from the original sample that were still operating and willing to participate in the follow-up. The 70 percent that survived and were included in the new study, the center said, tended to be the better ones.

But even among these centers, wages and turnover remain problems. The average turnover rate was 31 percent, with one-fifth of the centers reported losing half or more of their teaching staff in the past year. Turnover in the for-profit chains was 45 percent, compared with 20 percent in the centers accredited by the National Association for the Education of Young Children.

Centers that pay higher wages have less turnover. But the average child care worker earns less than a parking lot attendant. Entry-level child care jobs pay $6 an hour, or $10,500 a year, a rate that, adjusted for inflation, has increased just a penny an hour over the last decade, and one that keeps many child care workers below the Federal poverty line, $12,830 for a family of three. Even child care teachers in the highest-paid category -- mostly people with college degrees and early childhood training -- earn $10.85 an hour, or $18,988 a year, less than the $19,656 average salary of working women with a high-school diploma.

The decade between the two studies was a time of increased public funding for low-income families' child care, through the Child Care and Development Block Grant. For-profit chains tripled their revenues from public subsidies over the last decade, the study found, while independent nonprofit centers experienced a 4 percent decrease in revenue from public subsidies.

The center would not say which for-profit chains were included in the study.

GRAPHIC: Chart: "BY THE NUMBERS: Near the Bottom"
The median hourly wage of child care workers falls short compared with other workers.

Minimum wage: $5.15
Child care worker: 6.12
Parking lot attendant: 6.38
Animal caretaker: 6.90
Preschool teacher: 7.80
Secretary: 10.61
Bus driver: 11.56
Flight attendant: 16.94
Kindergarten teacher: 19.16

(Source: Bureau of Labor Statistics)

LANGUAGE: ENGLISH

LOAD-DATE: April 29, 1998

Kagan: 10% set-aside for quality enhancement
$500m enforce
$3B ELF ← ours is 25%

HASKINS: betrayal –
1) Day care mkt – effective mkt. – switched sectors
2) Cost – 45% pay nothing; avg = $3,000
3) Quality – feds spend a ton of $ – $4B took credit
– focus on bad child care
4) Equity – only help 30% – no, 2/3

Citibank, open 6am-10pm

wait until after ~~[illegible]~~ data to see if there are shortages

Don't need Cadillac care, at 75,000
- No sympathy for family that saves $1000 on mediocre care to buy a bigger TV
- Parents need better info, but have respons. to do what's best for their child

But: All care shd be safe. States enforce their own stds (not nat stds).
And let's keep mothers from going on WR in 1st place
- Find ways to improve care that don't drive up cost

Rise 1. Stay at home

more employers – Work-based care
- TEACH / scholarships in NC –
- Don't be paralyzed by quality/access tradeoff

2. More employ
3.

$3.5B

EQUITY –

White House Child Care Event
May 5, 1998
Questions & Answers

GENERAL QUESTIONS

Q. There has not been any movement on the Hill on child care and House leaders in particular have stated their opposition to your initiative. Isn't your child care initiative in a lot of trouble?

A. No. Since the President announced his child care initiative in January, legislation has been introduced by Republicans and Democrats, including Senators Chafee and Dodd, and Representatives Johnson and Kennelly. Many of the bills incorporate the Administration's key child care priorities -- substantial new subsidies and tax credits to help low- and middle-income families pay for child care; investments to help states and communities improve the quality of early childhood programs; a new tax credit for businesses that provide child care services; and an expansion of before-and after-school programs. We were particularly encouraged that, just this month, the bipartisan Women's Caucus wrote a letter to the House leadership urging the consideration of child care legislation this year. Further, several of the tobacco proposals, including those sponsored by Senators McCain, Conrad, and Kennedy, would direct a portion of tobacco revenue to child care and early childhood programs.

However, the Republican Leadership must act on these bills soon. Congress has less than 70 days to pass child care and other pressing initiatives to meet the needs of America's families. We will be working hard with Congress on a bipartisan basis to enact legislation this year to make child care better, safer and more affordable for the hardworking American families that rely on it.

Q. There are currently a number of child care proposals on the Hill from both sides of the aisle, which contain tax breaks to stay-at-home parents. What's the Administration's position on helping stay-at-home parents?

A. There are a number of proposals on the Hill to help stay-at-home parents, and we are working hard to evaluate their costs and effects. The President believes that we should respect and support parents in whatever choices they make, whether they work or stay at home. He has tried to support that choice in the past through a variety of actions to increase family income, such as expanding the Earned Income Tax Credit, increasing the minimum wage, and passing the $500 per-child tax credit. The President believes that by continuing to work together on a bipartisan basis and by taking the best proposals from both sides of the aisle, we will achieve legislation that benefits all America's families and children.

BJL
That's choice for every family to make
Not an excuse to do nothing for those who have no choice.
Parents important, but work is imp, too.
But [illegible] excuse to do nothing

Q. **A big piece of your child care initiative depends on getting tobacco legislation. What will you do if you don't get a tobacco bill?**

A. First, the initiative is paid for in a number of ways -- only one part comes from tobacco revenues. Second, and more important, we believe that a national tobacco settlement will pass. We support strong tobacco legislation, and many Republicans and Democrats alike are working vigorously to craft comprehensive legislation. Of course, no offset proposed in a budget is guaranteed; the Congress can reject any proposed way of financing a program. If Congress does not pass comprehensive tobacco legislation, we will work with Congress to find other offsets.

Q. **Why do you propose spending money from a tobacco tax on child care? What is the connection?**

A. First things first. The Administration is working to pass comprehensive tobacco legislation this year that will help stop our nation's children from taking up smoking in the first place. The most important thing is that Congress commit to such legislation -- not that it allocate the resulting funds in any particular way. Of course when the debate over funding occurs, the President will push for some tobacco revenues to pay for initiatives designed to ensure the health and well-being of our children -- the innocent victims of the tobacco industry's practices. Child care is one such initiative because it is critically important for the future of America's children and families.

Q. **Why are you proposing to expand the Child Care and Development Block Grant (CCDBG) when states aren't using all of their child care subsidy money now?**

A. We are very encouraged by state reports showing they have obligated over 99% of the child care funds available under the new welfare law for FY 1997. This demonstrates the tremendous need states have for child care, and the President has continued to urge states to invest their dollars into helping these working families. But let's be clear—the President's current initiative is aimed not at mothers on welfare, but at working parents who desperately need this assistance. Today, working families with annual incomes under $14,400 that pay for care for children under five spend 25% of their income on child care -- and even then it's difficult to find accessible, quality care.

Q -- how do you pay for all your initiatives, and if the Republicans instead used the money for a tax cut, would you veto the tax cut?

THE PRESIDENT: Well, let me back up and say most of my initiatives, the federal part of most of my initiatives are paid for by non-tobacco sources. I believe -- I believe -- and I think they disagree with me, and we can argue that out in the future; that could be a subject for the coming election -- that if we give them back a whole lot of money that they have already spent on Medicare -- Medicaid -- if they get money back from the federal government as a result of this settlement, and especially if they get more than they anticipated getting under the original Attorney General's agreement, I think, it is appropriate for us to say you ought to spend this on children. And the best way to spend it on children is on child care and education -- early childhood education -- getting down to small classes in the early grades, because we had the biggest increase in child health in 35 years in the balanced budget agreement last year.

So I think that's an appropriate thing to do. If they disagree with me, then we can argue about that. But I would never stand in the way of a tobacco bill that actually reduced childhood smoking because they disagreed with me about how to invest the money. But I would expect a bill to actually help our kids.

KIDS COUNT CHILD CARE 5.5.98

* **TY: Doug Nelson & Annie Casey Foundation** (for all the attention to WR, CC & early education over the years)

* Thank you for this thorough, thoughtful new report on the need for safe, affordable CC.
* This report is consistent with the Administration's own analysis:
    * 10 million children in low-income working families need CC
    * 29 million children under 13 need CC while parents work
    * CC is a real financial burden, esp for working poor -- and much of the CC those families get is not as safe or as good as it should be.

* Before I outline the Pres's child care proposals, I'd like to reiterate one of the most important conclusion of this report, that CC is critical to the success of our efforts to reform the nation's **welfare** system.

-- One of the most important triumphs in the welfare reform debate two years ago was when the President insisted on a $4 billion increase in funding for child care to help states move people from welfare to work.

-- Today, virtually every state has increased child care spending as a result of that law. Many are spending far more than the law requires. Gov. Edgar doubled IL.

-- That increased child care spending, in combination with tough work requirements and other reforms, has played an enormous role in reducing the caseload by nearly 3 million since the law was passed, and bringing caseloads below 10 million for the first time since 1971.

-- We could almost wipe this problem out altogether if we make CC avail.

* Like welfare reform, child care is a chance to forge a new social bargain, based on the most fundamental American value, which is work.

-- One of the greatest challenges our people face, even as the economy roars along, is how to balance their responsibilities at work with their even more important responsibilities as parents.

-- ~~We believe, as you do, that~~ governments don't raise children, parents do. But government, business, and the rest of society have a responsibility to give people the tools and choices to succeed at work and at home.

* That's what we set out to do in putting together our plan to make child care better, safer, and more affordable.

-- It is the largest national commitment in child care that any President has put forward, and it is **fully paid for** as part of his 1999 balanced budget.

-- It provides states with enough money to **double** the number of poor children who get child care, and cuts taxes to help **3 million** families pay for child care.

-- And because it is based on block grants and tax credits, **our plan doesn't add a dime to the deficit or a bureaucrat to the payroll. All the $ goes to help kids.**

*** BLOCK GRANT:**

-- The #1 recommendation of the Casey Foundation report is to make CC more affordable for low-income working families.

-- The **centerpiece** of the President's plan is a $7.5 billion increase over the next five years in the child care block grant.

-- It is also the most efficient way to help families who need it most. Our plan will enable states to double the number of poor children who get subsidized care, from one million in the most recent figures to 2 million by 2003.

-- With these funds, states will be able to make welfare reform an even greater success, by moving more people from welfare to work and helping hundreds of thousands of poor working families never have to go on welfare in the first place.

*** TAX CUTS:** The President's plan also will make child care more affordable by cutting taxes for middle-class families.

-- Our budget includes $5 billion over 5 years to expand the Child and Dependent Tax Credit for 3 million working families.

-- Under our plan, a typical family of four with an income of $35,000 a year and high child care costs will no longer pay a dime in federal income tax.

*** BUSINESS TAX CUT:** We give businesses a new tax incentive to help their Citibank employees get child care.

~~-- That's a good deal for everybody: Parents who don't have to worry about whether their children are in good hands will do a better job at work.~~

*** AFTER-SCHOOL:** We provide funds to help 500,000 school-age children get into after-school programs that keep them off the streets in the critical hours between 3 and 6, when school is out but the grownups are still at work.

*** QUALITY/EARLY LEARNING:** Finally, our plan addresses the concerns this report raises about the quality and safety of child care, by:

* giving states money to enforce state standards

* providing scholarships to improve training for child care providers without driving up costs for parents

* promoting innovation like Mary Palmer Smith with an Early Learning Fund

* and making it easier to do effective background checks on child care providers, because parents have a right to know their children are safe.

* I hope this new report will add to the bipartisan momentum we have already begun to see on child care here in Washington. Johnson-Kennelly.

-- Chafee-Hatch. Bond-Kerry. Bipartisan efforts in House.

—The clock is ticking

* The 10 million low-income children in your report don't care about politics or party labels. They just want to grow up in **an environment that keeps them safe and sparks their young brains and gives them the attention every child in America deserves.**

-- We look forward to working with you to help make that happen.

NGA CHILD CARE 2.23.98

* **TY: Voinovich** (for all the attention to cc & early education, long before fashionable)

* Gov. **O'Bannon** (for thoughtful/supportive comments on ccare to Pres this morning)

* I compliment Sen. **Bond**, who as a former governor understands the importance and tradition of putting party aside on this issue.

* Thank **all the govs** who worked on this year's NGA **resolution**, which mirrors our plan

* This <u>similarity should come as no surprise:</u> As Pres said this morning, <u>we designed our plan by looking</u> at the long, bipartisan honor roll of <u>success stories</u> in states around the country.

-- If you have <u>suggestions</u> on how to make our plan better, we want to hear them.

* Before I outline the Pres's child care proposals, I'd like to commend govs on the remarkable success we've had together in reforming the nation's **welfare** system.

-- One of the <u>most important triumphs</u> in the welfare reform debate two years ago was when the President and the states stood together to insist on a $4 billion increase in funding for child care to help states move people from welfare to work. [Carper, Engler]

-- Today, virtually <u>every state has increased child care spending</u> as a result of that law. Many of you are spending far more than the law requires. Gov. Edgar doubled IL.

-- That increased child care spending, in combination with tough work requirements and other reforms, has played an <u>enormous role in reducing the caseload</u> by 2 ½ million since the law was passed, and bringing caseloads below 10 million for the first time since 1971.

* Like welfare reform, child care is <u>a chance to forge a new social bargain</u>, based on the most fundamental American value, which is work.

-- One of the greatest <u>challenges</u> our people face, even as the economy roars along, is <u>how to balance</u> their responsibilities at work with their even more important responsibilities as parents.

-- We believe, as you do, that <u>governments don't raise children, parents do</u>. But government, business, and the rest of society have a responsibility to <u>give people the tools and choices to succeed at work and at home.</u>

* That's what we set out to do in putting together our plan to make child care better, safer, and more affordable.

-- It is the <u>largest national commitment in child care</u> that any President has put forward, and it is **fully paid for** as part of his 1999 balanced budget.

-- It provides states with enough money to **double** the number of poor children who get child care, and cuts taxes to help **3 million** families pay for child care.

-- And because it is based on block grants and tax credits, **our plan doesn't add a dime to the deficit or a bureaucrat to the payroll. All the $ goes to help kids.**

*** BLOCK GRANT:** The **centerpiece** of the President's plan is a $7.5 billion increase over the next five years in the child care block grant.

-- As you know, the block grant is an incredibly flexible program – you can use it for vouchers that let people choose any kind of paid care.

-- It is also the most efficient way to help families who need it most. Our plan will enable you to double the number of poor children who get subsidized care, from one million in the most recent figures to 2 million by 2003.

-- With these funds, you will be able to make welfare reform an even greater success, by moving more people from welfare to work and helping hundreds of thousands of poor working families never have to go on welfare in the first place.

*** TAX CUTS:** The President's plan also will make child care more affordable by cutting taxes for middle-class families.

-- Our budget includes $5 billion over 5 years to expand the Child and Dependent Tax Credit for 3 million working families.

-- Under our plan, a typical family of four with an income of $35,000 a year and high child care costs will no longer pay a dime in federal income tax.

*** BUSINESS TAX CUT:** We give businesses a new tax incentive to help their employees get child care.

-- That's a good deal for everybody: Parents who don't have to worry about whether their children are in good hands will do a better job at work.

*** AFTER-SCHOOL:** We provide funds to help 500,000 school-age children get into after-school programs.

-- The hours between 3 and 6, when school is out but the grownups are still at work, are when teenagers get into trouble with crime, with drugs, with teen pregnancy, with tobacco.

-- We need to give kids somewhere else to go than the streets.

*** QUALITY/EARLY LEARNING:** Finally, our plan offers a number of ways to improve the quality and safety of child care, and to increase the emphasis on early learning:

-- **Enforcement**: We provide $500 million over 5 years for you to enforce your own standards. There are no one-size-fits all federal standards from Washington.

-- **Scholarships**: Building on Jim Hunt's TEACH program in NC, we provide states $250 million over 5 years for scholarships to improve training for child care providers without driving up costs for parents.

-- **Background checks**: We'll submit national legislation to make it easier to do effective background checks on child care providers.

-- Today's it's very difficult for you to run a check on someone who has moved to your state from somewhere else. Parents have a right to know their children are safe.

* **Early Learning Fund**: As the President told you this morning, the last piece of our child care plan is a flexible, innovative, $3 billion Early Learning Fund that will enable you to expand the pioneering work you've already done to help children 0-5 get a good start.

-- This is a truly bipartisan effort -- Sen. Bond and John Kerry have a good bill.

-- It is designed to help you push new ideas that make the most of what we now know about early learning and young children's brains -- and perhaps to take innovative ideas that may be working in one part of your state and apply them throughout your state.

* *I hope we can maintain that spirit of bipartisan cooperation here in Washington.*

-- Chafee-Hatch. Bond-Kerry. Dodd. Bipartisan efforts in House.

* I commend you for making this issue a top priority for governors, and for putting politics aside.

-- The 5 million latchkey children who come home to an empty house ... the 13 million children under 6 who are in child care; the 45% of infants under the age of one who are in child care on a regular basis ...

... we're not worried about whether they grow up to be Democrats or Republicans – we just want to make sure they grow up in **an environment that keeps them safe and sparks their young brains and gives them the attention every child in America deserves.**

-- I look forward to working with you to help make that happen.

Commend govs on all they've done on child care, esp over the past year in implementing WR. There were many doubts when Pres signed the WR bill, but you have proved him right. Over 2m drop, caseloads under 10m for first time since 1971. We have more to do. Just last week, announced $1b bonus -- making WR law one of the most sweeping efforts ever at a new kind of government, that offers opp & resp to citizens, gives those of you at front lines the flexibility to try new things, and holds you accountable for results. We're not done -- working hard to get more $ for WTW transportation, housing vouchers, and work hand in hand w/22 govs who are part of our private sector WTW partnership.

So much of what we've done -- expanding the EITC, expanding access to HC, enacting FMLA, increasing child care -- has been about replacing an outdated safety net based on welfare with a support system based around work.

This year's NGA meeting has been in many ways a celebration of America's tremendous prosperity, and an economy that is doing well in every single state. But

More parents are working, either by choice or necessity. Every single one of us feels torn about it, every day. [J story?]

No government program can raise a child, love a child, or bring about the bond between parent and child that all the new science says every child needs – and we all know every parent needs.

helping parents succeed at work and at home is one of the great social challenges of our time.

-- It's bipartisan. It's important. It's the right thing to do.

-- I hope we can work together across party lines to make sure Congress designs its legislation the way

April 22, 1998

CHILD CARE EVENT

DATE:	April 23, 1998
LOCATION:	Rose Garden
EVENT TIME:	10:00 am - 11:00 am
FROM:	Bruce Reed

I. PURPOSE

To urge congressional action on child care, and release two reports documenting business efforts on child care: (1) the Treasury Working Group on Child Care report, *Investing in Child Care*; and (2) the Department of Labor report, *Meeting the Needs of Today's Workforce: Child Care Best Practices*. You will also announce a new commitment by the Department of Labor to serve as a clearinghouse for businesses interested in child care, and to set up a business-to-business mentoring program on child care.

II. BACKGROUND

Legislative Update on Child Care

While the event will spotlight best practices in the corporate community and urge greater private sector commitment to child care, the purpose of this event is to emphasize the importance of a federal commitment to child care and to urge Congress to act on child care legislation this year. Numerous child care bills have been introduced by Democrats and by Republicans since you announced your child care initiative earlier this year. Many of the bills incorporate the Administration's key child care priorities -- substantial new subsidies and tax credits to help low- and middle-income families pay for child care; investments to help states and communities improve the quality of early childhood programs; a new tax credit for businesses that provide child care services; and an expansion of before- and after-school programs. Further, several of the tobacco proposals (Conrad, Fazio, and Kennedy) would direct a portion of tobacco revenue to child care and early childhood programs.

Some key Members of Congress are committed to Congressional action on child care this year, including Senators Dodd, Kennedy, Kerry, Chafee and Snowe, and Representatives Kennelly, Tauscher, and DeLauro. Importantly, the bipartisan Congressional Women's Caucus, led by Representatives Norton and Johnson, recently released a letter to Speaker Gingrich urging that Congress pass child care legislation.

Despite the interest in child care, there are serious obstacles to enacting the Administration's proposals. First, as you know, the Senate Budget Resolution targets all tobacco funds to Medicare. While the Resolution allows for up to $9 billion for expanded child care tax credits and $5 billion to increase discretionary spending for the Child Care and Development Block Grant, offsets would have to be found for these expansions. Second, both Houses have passed resolutions emphasizing that any child care proposal must include significant new funding for stay-at-home parents, thereby pitting child care investments against programs and tax cuts that would help parents who stay home care for their children. Third, many Democrats are more interested in using child care as a political issue in an election year than in passing a bill this session. Finally, the Republican leadership is stalling child care legislation for political reasons. The House Ways and Means Committee has not scheduled any hearings on child care, and Senator Chafee was only recently able to schedule a child care hearing before his Finance Subcommittee.

Release of Final Report of Treasury Working Group on Child Care

Investing in Child Care is the final report of the Treasury Working Group on Child Care, which you asked Secretary Rubin to lead at the White House Conference on Child Care. This initiative has garnered significant enthusiasm from the children's advocacy community, as it represents the first time a Treasury Secretary has focused on child care issues. The report discusses what businesses can do to promote access to affordable, high quality child care for their employees, highlights a wide range of best practices, and presents evidence that investing in child care makes good business sense. The Working Group report finds that, while only one percent of revenues for child care and early education come from the private sector, businesses benefit from providing child care assistance in a variety of ways -- through improved productivity, lower turnover, better recruitment, reduced absenteeism, and improved morale.

The Treasury Working Group will meet with the First Lady and Erskine Bowles before this event. The Working Group consists of business and labor leaders, and includes Sandy Weill, CEO, The Travelers Group; Randy Tobias, President, Eli Lilly; John Sweeney, President, AFL-CIO; Doug Price, CEO, FirstBank of Colorado; George Stinson, President and CEO, General Converters and Assemblers; and Marcy Whitebook, National Co-Director, Center for the Child Care Workforce. (Please note that the group was not subject to the Federal Advisory Committee Act and therefore *will not* make recommendations.)

Release of Labor Department Report and Announcement of New Commitment

The Labor Department report that will be released at the event, *Meeting the Needs of Today's Workforce: Child Care Best Practices*, highlights best practices of the corporate sector to offer child care assistance to their workers. The examples are primarily gleaned from the Labor Department's Honor Roll of companies with model family-friendly workplace practices. You will also announce a new commitment by the Department of Labor to serve as a clearinghouse for businesses interested in child care, and to set up a business-to-business mentoring program on child care.

Take Our Daughters to Work Day

April 23rd is the sixth annual Take Our Daughters to Work Day. The Ms. Foundation for Women began the program in 1993 to address issues facing adolescent girls aged nine to fifteen. The program gives girls the opportunity to visit a work setting with a parent or friend so they can see all of the different jobs women do. Many guests at this event will have their daughters with them.

III. PARTICIPANTS

- The First Lady
- Secretary Herman
- Secretary Shalala
- Randy Tobias, CEO, Eli Lilly and Co.

Also on stage:
Secretary Aida Alvarez
Members of Congress

IV. PRESS PLAN

Open Press.

V. SEQUENCE OF EVENTS

- **YOU** will briefly meet the members of the Treasury Working Group and advisory committee in the Oval Office.
- **YOU** will be announced into the Rose Garden accompanied by the First Lady, Secretary Shalala, Secretary Herman, and Randy Tobias.
- The First Lady will make welcoming remarks and introduce Secretary Herman.
- Secretary Shalala will make remarks and introduce Secretary Herman.
- Secretary Herman will make remarks and introduce Randy Tobias.
- Randy Tobias will make remarks and introduce **YOU**.
- **YOU** will make remarks and then depart.

VI. REMARKS

Remarks provided by Speechwriting.

PRESIDENT CLINTON URGES CONGRESS TO TAKE ACTION ON CHILD CARE AND RELEASES REPORTS HIGHLIGHTING PRIVATE SECTOR EFFORTS
April 23, 1998

President Clinton called on Congress today to take action to make child care better, safer, and more affordable for America's working families. In a Rose Garden ceremony, the President released two reports highlighting private sector efforts to provide child care assistance to workers. These reports show that providing child care is good for workers, good for businesses, and good for the economy. Today more than ever, America's parents are working: three out of five mothers with children under age six work outside the home. Yet a recent study found that *only one percent* of revenues for child care and early education come from the private sector.

Treasury Department Working Group on Child Care Report Finds that Investments in Child Care Make Good Business Sense. At the White House Conference on Child Care (10/23/97), President Clinton asked Secretary Rubin to convene a group of business and labor leaders to look at child care problems facing working parents and to identify best practices in the private sector and in public-private partnerships. Today, the Treasury Working Group on Child Care released a new report, *Investing in Child Care:*

- Child care problems can reduce productivity and profits. The Working Group report finds that businesses benefit from providing child care assistance -- through increased productivity, lower turnover, better recruitment, reduced absenteeism, and improved morale.

- "The report carries an important lesson: investments in child care can pay off in real dividends for employers and employees." --Treasury Secretary Robert Rubin, *Investing in Child Care.*

The Treasury Working Group is made up of business and labor leaders, and includes Sandy Weill, CEO, The Travelers Group; Randy Tobias, President, Eli Lilly; John Sweeney, President, AFL-CIO (and Linda Chavez-Thompson, Vice President, AFL-CIO representing him); Doug Price, CEO, First Bank of Colorado; George Stinson, President and CEO, General Converters and Assemblers; and Marcy Whitebook, National Co-Director, Center for the Child Care Workforce.

New Department of Labor Report Highlights Model Business Practices and New Initiative Aims at Increasing Private Sector Involvement. Today, the Department of Labor released a new report, *Meeting the Needs of Today's Workforce: Child Care Best Practices*, which examines best practices initiated by businesses, government agencies, unions, not-for-profits, and business/community partnerships to meet the demands of employees who are also parents. The key finding of the report is that, in today's global economy, providing child care and other family-friendly policies helps companies recruit and retain the best workforce for the future. The President is also announcing a new commitment by the Department of Labor to serve as a clearinghouse for businesses interested in child care, and to set up a business-to-business mentoring program on child care.

Businesses Can't Do it Alone: The President Calls for Congressional Action. Millions of Americans, struggling to be both good parents and good workers, rely on child care and after-school programs for part of each day. As part of his balanced budget request, the President called for significant new investments in child care -- to help working families pay for child care, build a good supply of after-school programs, improve the safety and quality of care, and promote early learning. To encourage more private sector investment in child care, the President has proposed a new tax credit for businesses that offer child care services to their employees. Today, the President calls on Congress to put aside partisan differences and take action on child care this year.

White House Child Care Event
April 23, 1998
Questions & Answers

GENERAL QUESTIONS

Q. What are you announcing today?

A. The President is releasing two reports which focus on efforts of the business community to meet child care needs: (1) the Treasury Department Working Group on Child Care report, *Investing in Child Care*; and (2) the Department of Labor report, *Meeting the Needs of Today's Workforce: Child Care Best Practices*, coupled with a new initiative by the Department of Labor to serve as a clearinghouse for businesses interested in child care, and to set up a business-to-business mentoring program on child care.

Q. There has not been any movement on the Hill on child care and House leaders in particular have stated their opposition to your initiative. Isn't your child care initiative in a lot of trouble?

A. No. Since the President announced his child care initiative in January, legislation has been introduced by Republicans and Democrats, including Senators Chafee and Dodd, and Representatives Johnson and Kennelly. Many of the bills incorporate the Administration's key child care priorities -- substantial new subsidies and tax credits to help low- and middle-income families pay for child care; investments to help states and communities improve the quality of early childhood programs; a new tax credit for businesses that provide child care services; and an expansion of before-and after-school programs. We were particularly encouraged that, just this month, the bipartisan Women's Caucus wrote a letter to the House leadership urging the consideration of child care legislation this year. Further, several of the tobacco proposals, including those sponsored by Senators McCain, Conrad, and Kennedy, would direct a portion of tobacco revenue to child care and early childhood programs.

However, the Republican Leadership must act on these bills soon. Congress has less than 70 days to pass child care and other pressing initiatives to meet the needs of America's families. We will be working hard with Congress on a bipartisan basis to enact legislation this year to make child care better, safer and more affordable for the hardworking American families that rely on it.

Q. There are currently a number of child care proposals on the Hill from both sides of the aisle, which contain tax breaks to stay-at-home parents. What's the Administration's position on helping stay-at-home parents?

A. There are a number of proposals on the Hill to help stay-at-home parents, and we are working hard to evaluate their costs and effects. The President believes that we should respect and support parents in whatever choices they make, whether they work or stay at home. He has tried to support that choice in the past through a variety of actions to increase family income, such as expanding the Earned Income Tax Credit, increasing the minimum wage, and passing the $500 per-child tax credit. The President believes that by continuing to work together on a bipartisan basis and by taking the best proposals from both sides of the aisle, we will achieve legislation that benefits all America's families and children.

Q. A big piece of your child care initiative depends on getting tobacco legislation. What will you do if you don't get a tobacco bill?

A. First, the initiative is paid for in a number of ways -- only one part comes from tobacco revenues. Second, and more important, we believe that a national tobacco settlement will pass. We support strong tobacco legislation, and many Republicans and Democrats alike are working vigorously to craft comprehensive legislation. Of course, no offset proposed in a budget is guaranteed; the Congress can reject any proposed way of financing a program. If Congress does not pass comprehensive tobacco legislation, we will work with Congress to find other offsets.

Q. Why do you propose spending money from a tobacco tax on child care? What is the connection?

A. First things first. The Administration is working to pass comprehensive tobacco legislation this year that will help stop our nation's children from taking up smoking in the first place. The most important thing is that Congress commit to such legislation -- not that it allocate the resulting funds in any particular way. Of course when the debate over funding occurs, the President will push for some tobacco revenues to pay for initiatives designed to ensure the health and well-being of our children -- the innocent victims of the tobacco industry's practices. Child care is one such initiative because it is critically important for the future of America's children and families.

Q. Why are you proposing to expand the Child Care and Development Block Grant (CCDBG) when states aren't using all of their child care subsidy money now?

A. We are very encouraged by state reports showing they have obligated over 99% of the child care funds available under the new welfare law for FY 1997. This demonstrates the tremendous need states have for child care, and the President has continued to urge states to invest their dollars into helping these working families. But let's be clear—the President's current initiative is aimed not at mothers on welfare, but at working parents who desperately need this assistance. Today, working families with annual incomes under $14,400 that pay for care for children under five spend 25% of their income on child care -- and even then it's difficult to find accessible, quality care.

TREASURY REPORT:

Q. What does the Families and Work Institute survey that it is in the Treasury Report show?

A. It shows that child care services, flexible work schedules, and leave policies benefit not only employees -- but also businesses by improving retention and increasing productivity. It also shows that businesses promote access to child care for their employees in a variety of ways -- not just by providing on-site care. Employers also contribute to the cost of off-site care, help provide access to resource and referral networks, participate in public-private partnerships, and provide greater flexibility for working parents.

Q. Why are you emphasizing employer-provided care when it makes up such a small percentage of all child care?

A. The key finding of the reports released today by the Treasury and Labor Departments is that it makes good business sense to provide child care. In fact, companies that do provide child care experience improved recruitment, higher retention, better morale, and lower absenteeism rates. This event is an effort to raise awareness among businesses that providing child care will help them meet their bottom line.

Q. If companies are providing quality child care, why do we need a government program?

A. Today, too few companies are providing child care -- only one percent of revenues for child care and early education come from the private sector, according to a recent survey. But while businesses can do more, they cannot meet the incredible demand for child care by themselves. The President's child care proposal would make child care more affordable, safer and more available for working families, while also stimulating new investments by the private sector through the proposed employer tax credit.

Q. Who was on the Treasury working group on child care and how were they chosen?

A. The members of the Treasury's working group on child care are: Travelers Group CEO Sandy Weill; Eli Lilly and Co. Chairman and CEO Randy Tobias; AFL-CIO president John Sweeney; FirstBank of Colorado CEO Doug Price; General Converters & Assemblers president and CEO George Stinson; and Marcy Whitebook, national Co-Director of the Center for the Childcare Workforce. In addition, a number of advisors and other business leaders worked closely with the group, including Ted Childs of IBM; Ellen Galinsky of the Family and Work Institute; and Dee Topol of the Travelers Foundation. In putting together this group, we tried to select a range of business and labor leaders who have been active on work/family issues.

Q. How often did the group meet?

A. At the White House Conference on Child Care (10/23/97), President Clinton asked Secretary Rubin to convene a group of business and labor leaders to look at child care problems facing working parents and to identify best practices in the private sector and in public-private partnerships. In December, representatives of the working group members met with Treasury officials, child care experts, and interagency staff in Washington to discuss plans for the working group. The work on the report has been ongoing since that time by conference call and through staff.

Q. Was this group subject to the rules of the Federal Advisory Committee Act (FACA)?

A. Treasury's Office of General Counsel determined that the nature and structure of the group meant that the requirements of the Federal Advisory Committee Act would not be triggered.

Q. There don't seem to be any major policy recommendations. What does the group think that businesses should do?

A. Secretary Rubin indicated in the cover letter accompanying the report that he hopes businesses will draw lessons from the best practices presented in the report. By identifying and publicizing programs such as the ones contained in this report, Secretary Rubin and the members of the group hope to replicate these successes around the country in large and small businesses.

LABOR REPORT:

Q: What is the Department of Labor's Report, *Meeting the Needs of Today's Workforce – Child Care Best Practices* and how is it useful?

A: The Department of Labor's report is a compilation of best practices initiated by businesses, government agencies, unions, not-for-profits, and business/community partnerships nationwide to meet the demands of their employees who are also parents.

The Department of Labor is also launching a new initiative, **"Ask Me About Child Care --I Care" Outreach Initiative,"** to reach out to 1,000 companies by next year to increase business' awareness of the benefits of offering child care assistance for workers. DOL's Women's Bureau, through its 10 regional offices, will provide technical assistance to businesses and facilitate a mentoring initiative by linking interested businesses to those highlighted in the Department's Best Practices report. As part of this initiative, the Department of Labor is launching a new user-friendly child care web page, which will give employers information about doing child care assessments, opening on-site child care centers, offering non-standard hours care, etc. Today's report, coupled with the

Department's new outreach initiative, will help businesses across the country provide child care and other family-friendly policies.

Q: How were these entries selected?

A: There are many excellent child care programs throughout the country, but as mentioned above, this report is a sampling of dozens of best practices that were selected to reflect the diversity of child care options available to employers of different sizes and types (including businesses, local governments, unions, hospitals, community colleges, etc.). Many of the entries were chosen from the Department of Labor's Working Women Count Honor Roll, a list of companies that have committed to make work better for women and their families.

Q: How is this report different from the Honor Roll Report?

A: The original Honor Roll Report issued in 1996 outlined commitments by employers to make work better for women and their families. This new report highlights employers that have expanded their initiatives over the last two years since the Honor Roll Report in the area of child care, and shares the lessons that they learned as a result.

Nicole R. Rabner

12/09/99 06:44:09 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP

cc: Eric P. Liu/OPD/EOP@EOP, Ann O'Leary/OPD/EOP@EOP, Ruby Shamir/OPD/EOP@EOP
Subject: DCTC refundability

Bruce, you asked about DCTC refundability. From my files, Treasury had costed the proposal at between $4 and $4.5 billion over five years. Bradley's proposal was represented in his paper to cost $3.7 billion over five years; his paper claims that "it will help 1.9 million low-income families -- 1.2 million of whom don't currently receive any tax credit and 700,000 of whom will receive a larger tax credit. The average tax credit for these 1.9 million families will be $475."

Nicole

Nicole R. Rabner

12/10/99 07:14:13 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP

cc: Ruby Shamir/OPD/EOP@EOP, Ann O'Leary/OPD/EOP@EOP, Anna Richter/OPD/EOP@EOP

Subject: CCDBG and Head Start

Per your request, below please find cost estimates for a variety of 5 and 10 year goals to enhance participation considerably in Head Start and the Child Care and Development Block Grant.

HEAD START.

The memo attached below outlines 5-year and 10-year paths and cost estimates (prepared by OMB) for achieving full participation in Head Start (as well as maintaining our commitment to the growth of Early Head Start). Note that both these paths achieve 1 million children by 2002 (the President's goal), rather than by FY 2001, as Gene had asked for (Gene's request was for a cost for reaching the 1 million goal next year and for achieving full participation by next year -- both, but certainly the latter, would be nearly impossible from a programmatic, capacity standpoint, as I understand). You had asked for a 10-year estimate, but, as you'll see, the 10-year path in fact would require less ambitious program expansion than the program has seen under this Administration. For that reason, we also included the 5-year goal. The cost over five years is $44.5 billion, and the cost over ten years is $138 billion.

universal head start.121099

CHILD CARE AND DEVELOPMENT FUND.

The Excel chart attached below outlines a variety of options to achieve, over 10 years, a variety of goals for serving substantially more low-income children through the Child Care and Development Fund (CCDF). In 1998, the CCDF served 1.53 million children, with federal funding of $3.1 billion. The President's FY 00 proposed initiative to add $7.5 billion to the program over five years in mandatory funds with an 80/20 match, which when combined with the funds added in welfare reform, would have enabled the program to serve 2.4 million children in FY 04 (and increase of 1.15 million children over FY 97). The chart below outlines paths to the following 10-year goals: (1) quadruple the number of eligible children served by the program (reaching 6.1 million children); (2) triple the number of eligible children served by the program (4.6 million children); (3) enable states to serve all children under 200 percent of poverty (8.8 million children); (4) enable states to serve all children under 150 percent of poverty (6.5 million children); and (5) enable states to serve all children under 135 percent of poverty (5.8 million children). Each goal is costed both at 80/20 match and at FMAP. As you will see, the 10-year costs are enormous -- option 2 under FMAP, for instance, costs $41.6 billion.

The latter two options are less desirable than the others because the Administration has urged states to use the block grant to serve children up to the federal income limit (85 percent of state median income, which in most states is above 200 percent of poverty), and therefore to consider the program one for working families.

CCDF expansion.x

Universal Head Start

The funding streams below reflect BA needs to reach every poor 3 and 4 year old through Head Start under two different scenarios. Each assumes the 1998 poverty rates for 3 and 4 years olds of 21.6 percent and 20.3 percent, respectively, hold steady through the outyears. Also assumed is a quality setaside of 25 percent and Early Head Start setaside of 10 percent for each year beyond FY02. Lastly, the funding levels assume approximately 10% of all slots go to children above poverty (as permitted under law) and 80 percent of eligible poor children would participate if full funding were available. Each scenario below also assumes an FY01 funding level at the passback level.

Scenario 1: Provide Head Start slots for all poor 3 and 4 year olds by FY05

($'s in millions)	FY00	FY01	FY02	FY03	FY04	FY05	FY01-05
Program Level	5,267	5,901	6,880	8,623	10,525	12,590	44,519
Total Head Start slots (thousands)	880	920	1,000	1,170	1,341	1,510	
Early HS slots (thousands)	44	52	63	73	83	92	

Scenario 2: Provide Head Start slots for all poor 3 and 4 year olds by FY10

($'s in millions)	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10
Program Level	5,267	5,901	6,880	7,648	8,462	9,324	10,236	11,200	12,219	13,294	14,428
Total Head Start slots (thousands)	880	920	1,000	1,064	1,128	1,192	1,256	1,320	1,348	1,449	1,512
Early HS slots (thousands)	44	52	63	67	70	74	77	81	85	88	92

($'s in millions)	FY01-05	FY01-10
Program Level	38,215	137,807

Child Care Subsidy Expansion Proposal
Cost Estimates
December 10, 1999

Goal for 2010	Children Receiving CCDF Subsidies by FY 2010 (in millions)	Estimated Cost Increase over Current Law* Assuming 80/20 State Match (in billions)											
		FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY01-05	FY01-10
Quadruple the number of children served from 1.53 million in FY98	6.1	1.3	2.6	4.0	5.5	7.0	8.6	10.3	12.1	14.0	15.9	20.3	81.3
Triple the number of children served from 1.53 million in FY98	4.6	0.9	1.9	2.9	3.9	5.0	6.2	7.4	8.7	10.1	11.5	14.6	58.6
Provide sufficient funds to offer subsidies to all state eligible children under 200% of poverty	8.8	2.2	4.4	6.8	9.3	12.0	14.7	17.6	20.7	23.8	27.2	34.7	138.7
Provide sufficient funds to offer subsidies to all state eligible children under 150% of poverty	6.5	1.6	3.0	4.6	6.4	8.1	10.0	12.0	14.1	16.3	18.6	23.6	94.5
Provide sufficient funds to offer subsidies to all state eligible children under 135% of poverty	5.8	1.3	2.6	4.0	5.5	7.0	8.6	10.3	12.1	14.0	15.9	20.3	81.3

Goal for 2010	Children Receiving CCDF Subsidies by FY 2010 (in millions)	Estimated Cost Increase over Current Law* Assuming FMAP State Match (in billions)											
		FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY01-05	FY01-10
Quadruple the number of children served from 1.53 million in FY98	6.1	0.8	1.6	2.8	3.8	5.0	6.1	7.3	8.6	9.9	11.3	14.4	57.7
Triple the number of children served from 1.53 million in FY98	4.6	0.6	1.3	2.0	2.8	3.6	4.4	5.3	6.2	7.1	8.1	10.4	41.6
Provide sufficient funds to offer subsidies to all state eligible children under 200% of poverty	8.8	1.5	3.1	4.8	6.6	8.5	10.4	12.5	14.7	16.9	19.3	24.6	98.4
Provide sufficient funds to offer subsidies to all state eligible children under 150% of poverty	6.5	1.0	2.1	3.3	4.5	5.8	7.1	8.5	10.0	11.5	13.1	16.8	67.1
Provide sufficient funds to offer subsidies to all state eligible children under 135% of poverty	5.8	0.9	1.6	2.8	3.9	5.0	6.1	7.3	8.6	9.9	11.3	14.4	57.7

*CCDF is funded at 3.4 billion in FY00

CHILD CARE SUBSIDIES

BACKGROUND: As documented in HHS' September 1999 report, Access to Child Care for Low-Income Working Families, only 10 percent of children eligible for federal child care assistance through the Child Care and Development Block Grant (CCDBG) are receiving support. The report compiled state-by-state data of the number of children eligible for federal funds and found that the percentage of children helped ranged from a low of 4% in Mississippi to a high of 24% in West Virginia. Overall, the report estimates that 14.7 million children in low income families were eligible to receive a subsidy under federal income limits, but only 1.5 million children in 1998 received assistance. The President's FY 1999 and FY 2000 budget requests contained significant new mandatory resources for child care assistance through CCDBG ($7.5 billion over five years) to provide child care subsidies to 1.15 million additional children.

RECOMMENDATION: Move the President's subsidy expansion request to the discretionary side of the budget. Currently, the discretionary title is funded at $1.182 billion. Increase that by $818 million for FY 2001and 1.12 for FY 2002 (because CCDBG is an advance appropriated program, our budget should address both fiscal years). An increase of $818 million in FY 2001 would enable the program to serve an additional 220,000 low-income children, assuming no state match, and 275,000 additional low-income children, with an 80-20 match. While the current discretionary title contains no match, the President's FY 2000 budget request for additional mandatory subsidy dollars introduced a new 80-20 match. Therefore, we recommend maintaining the 80-20 match in the new discretionary budget request.

FURTHER RECOMMENDATION: If we decide to pursue a child care quality initiative on the mandatory side of the budget, we recommend re-proposing for FY 01 two items in CCDBG that exist in FY 00 but were not included in the Omnibus Appropriations, which forward-funding CCDBG for FY 01 – (1) the $50 million set-aside for infants and toddlers, and (2) the $10 million set-aside for child care research.

EARLY LEARNING AND CHILD CARE QUALITY

It is critical that the President's child care initiative retain a strong commitment to promoting school readiness and cognitive development by improving the quality of care. Research bears this out:

- Three multi-site studies conducted between 1988 and 1994, including the highly regarded *Cost, Quality and Child Outcomes in Child Care Centers*, found that only 12 to 14 percent of children in care are in arrangements that promote their growth and learning, while 12 to 21 percent are in settings that are unsafe and actually impair their development. For infants and toddlers, the percentage of poor/unsafe settings is much higher -- 40 percent (*Florida Child Care Quality Improvement Study: Interim Report*, Howes, Smith, Galinsky, Families and Work Institute, 1995).

- Children in higher quality settings develop receptive language more rapidly, have superior math skills, engage in more complex play with both objects and other children and exhibit fewer behavior problems (both at the time and upon entering school). Studies have found that the impacts on social skills and academic performance persist into elementary school (*Are They in Any Real Danger* , Love *et. al.*, Mathematica Policy Research, 1996)

- As noted in the CEA paper on early learning: "children who receive care in quality centers tend to be less distracted and more task-oriented, considerate, happy and socially competent in elementary school. They are more self-confident, proficient in language, advanced in cognitive development and make better academic progress. Conversely, children in poor quality programs risk the development of poor school skills and heightened aggression."

The following three options focus on improving the quality of the vast majority of existing care for children aged 0-5, and ensuring that these opportunities help us to meet the first goal of Goals 2000 – school readiness.

OPTION ONE: Re-propose the Early Learning Fund, included in FY 99 and FY 00 at a $3 billion over five year in mandatory funds to improve child care quality and promote school-readiness. Modeled on the successful North Carolina Smart Start initiative, the proposed Early Learning Fund provides challenge grants to communities (distributed by states) to support programs to improve early learning and the quality of child care for children ages 0 to 5. To receive funds, HHS must approve a state's early learning program plan that specifies a lead agency, outlines community grant procedures, describes community participation in planning and monitoring, specifies activities to be carried out, and outlines performance goals and measures. Allowable activities include parenting education, resource and referral services, the development of family child care networks, provider training, efforts to improve staffing ratios, licensing and accreditation assistance, health services, added care for children with special needs. Each state would be required to submit an annual report documenting the use of the funds and progress toward achieving performance goals.

OPTION TWO: Propose a More Targeted Version of the Early Learning Fund, at or above $3 billion over five years in mandatory dollars. Target the allowable uses of the Early Learning Fund to measurable activities that promote the cognitive development and school readiness of children aged 0-5 in child care. These activities would include: improving provider training, recruitment and retention, reducing teacher to student ratios, promoting accreditation, increasing reimbursement rates for accredited programs, increasing networks for family child care providers, and promoting adherence to professional quality standards. Goals in some or all of these categories would be required for the state's early learning program plan, and the state's annual report would document progress toward those goals (e.g., number of programs with ratios below a specified level, number of children in accredited programs, number of providers receiving AAs or BAs or ECE through the program). States failing to make progress toward the goals would have to submit a corrective action plan or lose funding.

OPTION THREE: Create a New Set-Aside Within the Discretionary Title of CCDBG to Promote Congnitive Development of children aged 0-5 in child care. In FY 2000, the $1.182 billion discretionary title of CCDBG includes 3 discretionary pots of funds: (1) a 4 percent set-aside for quality activities; (2) $50 million for infant and toddler child care quality improvement activities; and (3) $173 million for general child care quality activities. By folding the second and third funding streams into one program to improve child care quality for children aged 0-5, and adding $277 million, we could create a $500 million school readiness fund. Similar to our proposed Early Learning Fund, this fund would support child care quality improvements designed to promote the cognitive development (i.e. improve the language, reading and math skills) of children in care. Parameters of the $500 million fund would mirror the above-described options, including:

- The funds would be distributed according to the CCDBG formula, but in order to receive its share of the funds, HHS would have to approve a State's "school readiness plan" describing how the State would use the dollars to enhance the cognitive development of children in care and establishing performance goals and measures.
- The funds would be used to improve provider training, recruitment and retention, reduce teacher to student ratios, promote accreditation, increase reimbursement rates for accredited programs, promote adherence to professional quality standards, etc.
- Each year, the state would be required to report on how funds were used and on progress toward goals established in the plan (e.g., number of programs with ratios below a specified level, number of children in accredited programs, number of providers receiving AAs or BAs or ECE through the program). States failing to make progress toward the goals would have to submit a corrective action plan or lose funding.

The Administration could seek minimal appropriations language for this, e.g.:
". . .Provided further, That of the funds provided for fiscal year 2001, ~~$172,672,000~~ $500,000,000 shall be reserved by the States for activities to support the cognitive development of children aged 0-5 authorized under section 658G of the Omnibus Reconciliation Act of 1981 (The Child Care and Development Block Grant Act of 1990) and approved by the Secretary of

Health and Human Services, such funds to be in addition to the amounts required to be reserved by the States under section 658G . . ."

NOTE: Child care advocates and congressional democratic staff working on child care have urged that we maintain our child care quality proposal on the mandatory side.

Early Child Educator Professional Development in the ESEA: The Department of Education and others are very concerned that preschool needs to have a tangible education focus. To that end, we need a pipeline of caregivers well trained in teaching small children – caregivers, for example, knowledgeable in how reading is learned and able to spot developmental disabilities. Standards alone do not appear to be enough. Currently, this proposal is funded at $50 million in the ESEA and in our budget request. We might consider enhancing that amount to complement one of the items described above. A substantial increment in funding to this component – on the order of $200 million – would highlight its importance and help it to achieve its goals.

Federal Support for State Paid Parental Leave Initiatives

Background:

The Family Medical Leave Act (FMLA) signaled our nation's recognition that American workers face enormous obstacles in their struggle to balance work and family, and that the federal government can, and should, play a role in helping to achieve that balance. The FMLA enables millions of working Americans to care for a child after birth or adoption, by providing up to 12 weeks a year of unpaid, job-protected leave. But many of those workers are unable to take the full amount of time they need and are entitled to, because they simply cannot afford to go that long without a paycheck. Other workers who are not protected by FMLA but have access to unpaid leave can face the same dilemma.

Several state governments are exploring strategies to provide wage replacement for parents who have access to and want to take leave to care for a newborn or newly adopted infant but cannot afford to do so. The Department of Labor, at the direction of the President, has provided an opportunity for State agencies that administer the Unemployment Compensation (UC) program to pay, under a voluntary experimental program, UC to parents who take time off from employment after the birth or placement for adoption of a child. The Administration could further assist states in this effort, and encourage states to consider other paid leave initiatives, through a federally funded grant program. The funds could be used by states to underwrite the administrative and implementation (benefit) costs of starting up a state-funded benefit program; and to evaluate the success of state or local initiatives. Supporting these initiatives would not only benefit the working citizens of the individual states, but would also allow us to explore, through the "laboratory of the states," which approaches to paid parental leave work best and possible promising models for a nation-wide paid leave plan.

States could be invited to submit proposals, and grants could be awarded competitively, with the size and number of awards dependent upon the amount of funding available. In addition to new funds for the grants, we would need to have legislative authority for the grant program. It is possible that legislative authority for current DOL programs could be used **although new legislation would likely be necessary** to authorize a more flexible and complete grant program. The following proposal is similar to legislation introduced by Dodd/Woolsey this summer that would establish a demonstration program to support states and political subdivisions provide partial or full wage replacement to new parents and workers on other forms of FMLA leave. This legislation would also provide experience on what the most effective mechanism is for providing wage replacement assistance.

II. Proposal

Provide $50 million to $250 million for a new competitive federal grant program for increasing availability of paid parental leave. Grant monies would be available to states and appropriate sub-state entities to be used for some combination of the following:

1) Subsidizing benefits in a demonstration, or pilot program, to provide paid leave to care for newly born infants and adopted children.
2) Subsidizing administrative and startup costs for promising models of state paid parental leave.
3) Funding research that assesses the impact of existing and new paid leave activities.

Details of proposal

1) Subsidize benefits in a pilot or demonstration project:

The cost of a benefit subsidy (modeled after $200 a week federally paid leave proposal) is based on a $200 benefit a week per person; benefit cost varies from $9m-$38m per state, assuming between 4 and 12 weeks of paid leave to *women* with infants. Benefit costs could be reduced if assume a subsidy of less than $200 a week. The costs would, of course, increase up to two-fold if new fathers were covered.

2) Funding administrative and startup costs:

Administrative costs for the start-up of new state (or local level) program ranges from $250,000 to $2,500,000 per state (estimate based upon using UI system for delivery) – assuming first year operating costs of approximately $3m to $4m per state. A decision would need to made if it would be limited to a TDI-type state program or if it could be used for states wishing to use UI (after DOL's regulation is finalized).

3) Research and evaluation grants:

Cost per review-type paper estimated at $50,000.
Minimum funding for a single state commission including administration, travel and survey/review, assuming meets 6 times in one year is: travel $50,000.

Options for funding levels

- At $50m, the grants would probably be restricted to administrative grants and research; perhaps 10 state-wide administrative grants and the rest in research.
- At $100m, 3 or 4 grants for sub-state benefit subsidies or small states subsidies could be added to account for the additional $50m.
- At $200m, there would likely be no increase in administrative grants (not many more states than original 10 would be interested in administrative grants); with the additional $100m, benefit subsidies could be made available to 2 or 3 large states in addition to the 3 to 4 smaller benefit grants.

- At $250m, another large state benefit grant could be added, for a total of 3-4 large state benefit grants ($150m), 3-4 smaller state (or sub-state) benefit grants ($50m), 10 administrative grants ($35m), and about $15m in research.

Preliminary Grant Elements

Careful and targeted design of the grant program would be crucial, and should include the following factors:

- Specific policy goals to be served in addition to increasing workers' ability to take new parent leave, if any;
- Multi-activity proposals would be considered (i.e., combining benefit subsidy and/or administrative costs and/or research);
- Benefit subsidy/administrative costs proposals must include outcome measurement/ evaluation, perhaps with third party participation (such as universities) to assist in evaluation activities;
- Defined duration of pilot;
- Demonstrate sustainability of program -- likelihood of continuation without federal funding after demonstration/pilot period, if successful;
- Benefit recipient eligibility tied to need/income level (this would not apply to any UC based proposals);
- Benefit receipt eligibility includes workforce attachment requirement.

In addition, the following questions needed to be answered or criteria need to be developed while designing the grant program:

- How to limit the number of pilot benefit proposals;

- What are the specific criteria for selecting proposals, including:
  - size of population to be served;
  - issues to be addressed in research proposal;
  - areas for evaluation, e.g., at what benefit level/benefit duration are workers with various incomes more likely to take leave;
  - what impact does paid leave have on new parents' return to the workforce;
  - what impact does paid leave have on employer incentives to provide paid leave or unpaid leave (if not FMLA-covered);
  - length or amount of benefit;
  - ratio of federal subsidy to state dollars, and whether it could vary by proposal.

III. Factors to be considered

Pros:

- Minimizes federal dollars (compared to funding paid leave) by leveraging state funds;
- May encourage states to take advantage of new UI option;
- Announcement could be coordinated with Dodd/Woolsey plans;
- Expansion of programs such as TDI may have broader benefits than just parental leave (may also be con if it dilutes message too much);
- Experience could help with development/passage of federal legislation or lead to more states and private employers providing paid leave;
- Provides some real benefits to real people in need;
- Research and experimental program would be helpful in laying groundwork for widespread provision of paid leave.

Cons:

- Unclear if proposal is sufficient to get interest of states' and third parties (NGA, AFL-CIO) particularly given large cost of funding benefits and lukewarm reception to the DOL proposed rule;
- Difficulty in securing needed authorizing legislation;
- Delivery systems and benefits would vary across states;
- Possible conflicting signals with welfare to work (e.g., do we want low-income parents at home with kids or in workplace?);
- Benefit subsidy (vs. just using federal funds to cover administration) may not be appropriate for a one-time intervention -- would states be willing to pay for funding program (i.e. benefit) costs in the out years?
- Programs to provide government subsidized leave could create negative incentives for employers who currently, or might otherwise, provide paid leave for their employees.

PAID PARENTAL LEAVE OPTIONS
December 10, 1999

GOAL: Create a Federally-funded, State Administered Paid Parental Leave Proposal Administered through the Unemployment Insurance system.

Criteria:

- Eligibility: One parent per household (i.e. mother OR father, but not both). Tied to income (below family median income, which is roughly $37,000/year) to assist the families that are most likely to face a financial barrier to leave-taking. Non-FMLA covered workers (likely benefit recipients) would be eligible.
- Workforce Attachment: Eligible new parents must be authorized to work in the U.S. and have been in the workforce – full or part time – for 1 year prior to birth or adoption. Linking eligibility to the workforce reinforces the purpose of the plan as a wage replacement plan, and one-year requirement demonstrates pre-pregnancy workforce participation. Workers could receive the benefit regardless of whether they intend to return to their job, or whether they in fact return.
- Benefit Duration, Timing, and Amount: Benefit would be available for set time only immediately following birth or adoption. A worker with access to employer paid-leave who wanted to participate in federal paid leave would have to use the federal benefit before using employer-paid leave in order to minimize disincentives on employers who might otherwise provide benefits. The simplest benefit amount approach is used, setting one amount available to all eligible workers ($200 per week represents close to the U.I. average benefit).

Assumptions:

- Take Up: Assume 11 percent would not take time off (FMLA Commission data).
- Ineligibility: Assume 35 percent ineligible based on workforce attachment criteria.

	4 weeks leave	6 weeks leave	8 weeks leave	12 weeks leave
Annual cost estimate of $200/week wage replacement for workers below median income	$425 million	637 million	$850 million	$1.27 billion
With $200 mil. Admin. cost	$625 million	$837 million	$1.05 billion	$1.47 billion

** First year cost would require an additional $100 million for start-up costs.

NOTES: (1) To include both parents in this estimate, we would effectively need to *double* these annual costs; (2) These numbers are *HIGHLY* rough estimates, using various data from CPS and the FMLA Commission; (3) If we eliminate the income eligibility criteria, the cost estimate is somewhat less than double, e.g. for all workers, the annual cost to the gov. (minus one-year start-up costs but with admin cost) for 6 weeks of leave would be roughly $1.2 billion annually).

CHIEF OF STAFF TO THE PRESIDENT

Send to Rahm; Podesta; Doug Sosnik; Bruce Reed

cc Chris, Jen

MAR 12 1998

Edward M. Kennedy
Massachusetts

United States Senate
WASHINGTON, DC 20510

March 11, 1998

Rahm
Podesta
Doug
Bruce

The Honorable Erskine B. Bowles
Chief of Staff to the President
The White House
Washington, D.C.

Dear Erskine:

I'm attaching a poll I've just seen that shows dramatic support for a large number of our initiatives to help families and improve health care. Perhaps you've seen it, but it certainly shows how responsive a chord we're touching in the country in insisting that both employers and government should be doing more.

With respect and best wishes.

As ever,

Edward M. Kennedy

Note last page

FAMILY MATTERS: A NATIONAL SURVEY OF WOMEN AND MEN

conducted for

THE NATIONAL PARTNERSHIP FOR WOMEN & FAMILIES

February 1998

SURVEY HIGHLIGHTS

A new national survey on family and health care issues shows that American workplaces and American public policies are out of step with American families[1]:

- Americans demand more. Americans say that pressures on working families, including pressures around time and health care, are getting worse, not better (Table 1). Nearly unanimously, they say that both employers and government should do more to help (Table 2). Nine out of ten (90%) say that employers should do more, while nearly three out of four (72%) say that government should do more.

- Americans will vote for more. By overwhelming majorities, Americans say that it is important for employers to provide more "family friendly" policies (Table 3), they support expansion of the Family and Medical Leave Act (Table 4), and they support national quality controls for health care (Table 5). Legislation to provide health care patient protections is favored by 91% of women and 88% of men. In addition, Americans say they would be more

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[1]Lake Sosin Snell Perry & Associates designed and administered this survey, which was conducted by phone using professional interviewers. The survey reached 1,115 adults 18 years or older nationwide, including a base sample of 625 women and 375 men, plus oversamples of 50 African American women and 65 Latina women. The survey was conducted January 28 - February 1, 1998. The margin of sampling error for the full sample is +/-3.1%.

likely to vote for members of Congress who support these things as well (Table 6).

- Americans will pay more. Americans are willing to pay for the help they demand: Large majorities support expanding state unemployment and disability insurance to include family leave insurance (Table 7), and nearly two in three (64%) are willing to pay more each month for health care patient protections (Table 8).

Notably, these views cross political and demographic boundaries. Republicans and Democrats, working women and homemakers, baby boomers and seniors, people who are white, black and Hispanic – all agree that both employers and government should be doing more, all support FMLA expansion, and all demand better quality health care (Table 9). Republican support for FMLA expansion (70%) and health care patient protection (86%) is remarkably robust, while Democratic support is near-unanimous (87% for FMLA expansion, 95% for patient protection)

Moreover, Americans' time and health care demands are only likely to intensify over time. They expect that pressures on working families will continue to get worse (Table 10), and their expectations are warranted: large majorities – particularly among younger adults and baby-boomers – say they will need family leave or that they will have responsibility for the care of an elderly person during the next ten years (Table 11). Over two-thirds of Americans under 40 (69%) say they will need family leave in the next ten years; nearly two-thirds of those under 60 (65%) say they will have responsibility for elder care.

TABLES

Table 1

I am going to read some things that some people say are getting BETTER and other people say are getting WORSE. Please tell me whether you think each is getting BETTER or getting WORSE these days.	Women		Men	
	Better	Worse	Better	Worse
The health care system	30%	49%	29%	46%
Time pressures on working families	15%	65%	18%	63%

Table 2

I am going to mention some groups. For each group I mention, please tell me whether you think that group SHOULD or should NOT do MORE to help working families.	Women		Men	
	More	Not	More	Not
Should the government do MORE to help working families, or should government NOT do more?	74%	21%	70%	28%
Should employers and businesses do MORE to help working families, or should employers and business NOT do more?	90%	6%	89%	8%

Table 5

Now, suppose that Congress were considering a proposal called the Patient Protection Act, which would require health insurance companies and health plans to provide everything we just read.* Would you STRONGLY favor, SOMEWHAT favor, somewhat OPPOSE, or STRONGLY oppose this proposal?		
	Women	Men
Strongly favor	72%	63%
Total favor	91%	88%
Total oppose	4%	8%

* See questionnaire.

Table 6

Imagine that your member of Congress were in FAVOR of ____. At the next election, would you be MUCH more likely, SOMEWHAT more likely, somewhat LESS likely, or MUCH less likely to vote for him or her, or wouldn't this make a difference to you?

	Women		Men	
	More	Less	More	Less
Imagine that your member of Congress were in FAVOR of this Patient Protection Act...	75%	6%	71%	7%
Imagine that your member of Congress were in FAVOR of expanding the Family and Medical Leave Act to cover more working people...	63%	11%	51%	20%

Table 9

	Percent who favor expanding FMLA	Percent who favor a national Patient Protection Act
Republicans	70%	86%
Republican women	77%	87%
Republican men	63%	84%
Independents	79%	89%
Democrats	87%	95%
Under age 40	83%	93%
Age 40 to 59	82%	89%
Age 60 and over	71%	86%
Working women	86%	92%
Homemakers	83%	89%
Retired women	75%	87%
White	78%	89%
Black	87%	96%
Hispanic	83%	89%

Summary of Survey Results

Despite an improving economy, Americans say that pressures on their families are getting worse, not better. *Time* and *health care* are central to these pressures:

- ***Time.*** By a margin of three to one, Americans say that "time pressures on working families" are getting worse (64%), not better (17%), and that "finding time for both work and family responsibilities" has gotten harder (59%) for families like theirs, not easier (22%), over the past five years.

  - Indeed, Americans are more likely to say time pressures are getting worse than that crime is getting worse (56% worse, 27% better), and they say that finding enough time for both work and family is as hard as making ends meet (57% harder, 33% easier). In the end, half of Americans *personally* worry about "shortchanging your family, your job, or yourself because you do not have enough time to do everything you need to do" (46% worry at least somewhat often, 24% very often).

  - Both women and men feel significant time pressures. 63% of men and 65% of women say that time pressures are getting worse.

- ***Health care.*** Americans think the health care system is getting worse (48%), not better (30%), and that "making sure your family can get quality health care" has gotten harder (48%), not easier (32%).

  - One in two *personally* worries about having health care costs not covered by insurance (52% worry, including 32% who worry *very* often), about "getting quality health care if you or someone in your family gets sick" (46% worry, including 27% who worry *very* often) and about "having your health insurance or health plan deny you coverage for treatment or access to a specialist that your doctor recommended" (47% worry, including 26% who worry *very* often).

  - Women with kids at home, whether they work or not, worry somewhat more about health care issues than women without kids. For example, 56% of working mothers and 60% of non-working mothers worry often about health care costs, compared to 51% of women who do not have children.

to provide employees with enough flexibility to adjust their work hours to meet their families' needs. In addition, 57% say it is important for employers to provide assistance in finding child or elder care. About half say it is important for employers to provide employees time off to meet with their children's teachers (55%) or for routine doctors' appointments (48%).

- *Government.* Of the 59% of Americans who are familiar enough with the federal Family and Medical Leave Act to have an opinion, nearly nine out of ten (88%) have a favorable opinion, while just 12% are unfavorable. Moreover, by wide margins, Americans favor expanding the FMLA further:

  - 79% support expanding the FMLA threshold to cover mid-size companies, lowering the threshold from 50 to 25 employees, including 52% who support this *strongly*;

  - 84% support providing an additional 24 hours leave for routine doctors' appointments or meetings with children's teachers, including 62% who support this *strongly*;

  - 79% support states establishing Family Leave Insurance by expanding unemployment or disability insurance, including 50% who support this *strongly*;

  - 86% support allowing victims of domestic violence to use the FMLA to take leave, including 63% who support this *strongly*;

  - 77% support expanding the FMLA to cover more part-time workers, including 48% who support this *strongly*.

Women also want and expect employers to do a better job in treating women fairly.

- Currently, a majority of American women do *not* think employers are doing a good job in "treating women fairly for pay and promotions": 39% say the job they are doing is "just fair," and another 19% say it is "poor." Just one in three say employers are doing a good job, including 29% who say they are doing a "good" job and 7% who say they are doing an "excellent" job.

- At the same time, expections are high: two in three women expect that employers will be doing a better job on this issue five years from now (67%),

In choosing a health care plan, *quality* is the single most important concern, and Americans are more willing than ever both to demand quality standards and to pay more for them if necessary.

- Half say that "the quality of care" is the single most important thing to them in choosing a health care plan (47%), compared to fewer than one in five who say they care most about the type of services covered (14%), the choice of doctors (14%), or the cost (14%). This is true among both men and women: 48% of men and 46% of women say that quality is most important.

- Nearly all Americans agree that "health insurance companies and health plans should be required to meet basic quality standards" (93%). Two-thirds believe that these standards should be set at the national or state level (66%). Only a small minority would leave standards to competition in the marketplace (17%).

- Nine in ten (90%) of Americans would support a national Patient Protection Act including a wide array of quality standards, including 68% who would support this strongly. Support is equally strong among men (89%) and women (91%), and it is nearly as strong among Republicans (86%) as independents (89%) and Democrats (95%).

- The most important elements of such an act include a wide range of basic protections, including standards that have particular relevance for women:

  - "Your doctor, rather than the insurance company, having the last word on how long you should stay in the hospital": 90% say this is very important, including 64% who say it is *extremely* important.

  - "Having confidence that your health insurance company or health plan will keep your records completely confidential": 90% say this is very important, including 61% who say it is *extremely* important.

  - "Making sure that your doctor is allowed to discuss any treatment or procedure with you that might be appropriate, even if your health insurance or health plan does not cover it": 92% say this is very important, including 58% who say it is *extremely* important.

  - "Being able to appeal any decision your health insurance company or health plan makes denying you coverage for a certain treatment": 90% say this is very important, including 56% who say it is *extremely* important.

educated Americans rely on their doctor a lot) as on their insurance company or health plan.

- Younger people tend to rely more than others on family and friends for health plan information (41% of people under 40 rely on family and friends at least some, compared to 27% of seniors).

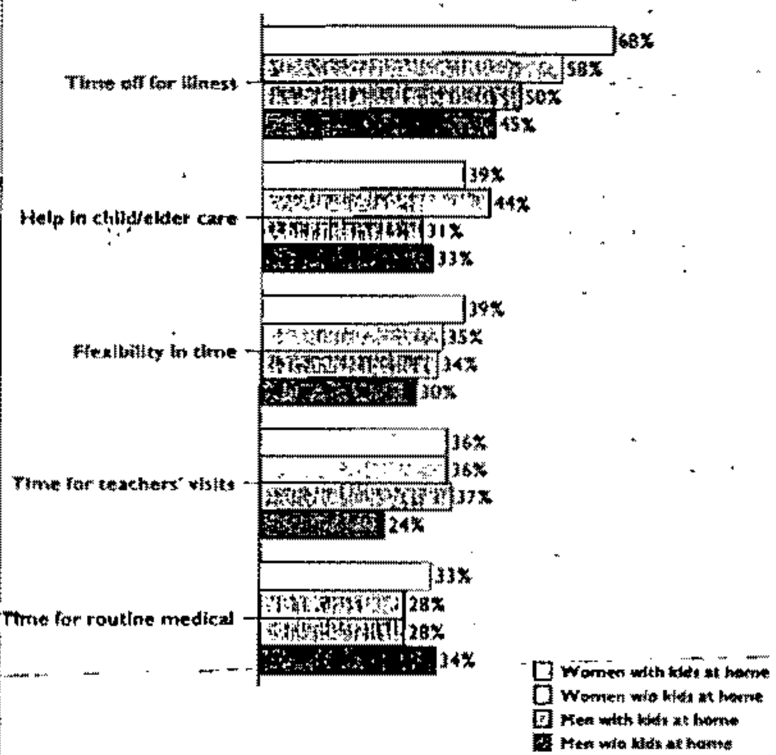
- Women in traditional fee-for-service plans are much more satisfied with the information they get from their health plan than women in managed care: 41% of women in traditional plans say the information provided is excellent, compared to 32% of women in PPOs (preferred provider organizations) and just 27% of women in HMOs (health maintenance organizations).

- In general, Americans rate the information they get from their employers more highly than the information they get directly from their health plan: 36% say the information they get from their employer is excellent and 20% say it is "just fair or "poor," compared to 30% who say the information they get directly from their health plan is excellent and 25% who say it is fair or poor. For both employers and plans, 42% say the information they get is "good."

  - Hispanic and African Americans are less likely than whites to be positive about the information they get on their health care plans: 33% of whites, compared to 20% of African Americans and 21% of Hispanics, say that the information they get from their health plan is "excellent"; 38% of whites, compared to 28% of African Americans and 32% of Hispanics say that the information they get from their employer is "excellent."

Women feel more intensely about employers' providing time than men, and parents feel more intensely than those without kids at home.

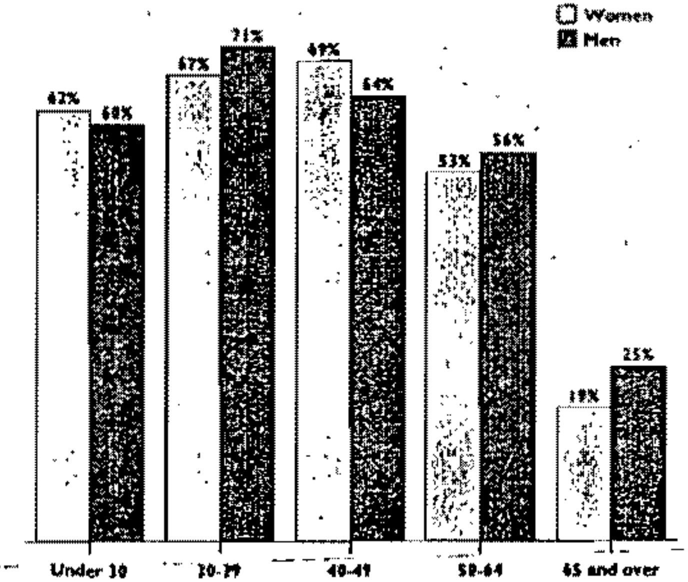
Percent who say it is extremely important (10 on a scale of one to ten) for employers to provide their employees with the following:



National Partnership for Women & Families — Lake Snell Perry & Associates

More than two in three Americans in their 30s expect to have responsibility for an elder parent or relative.

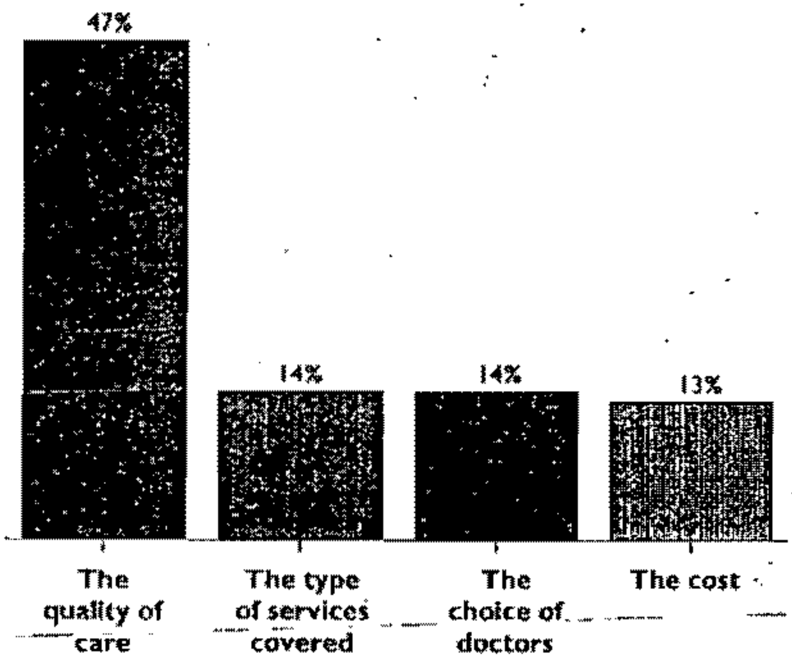
Thinking ahead to the next ten years, how likely is it that you will be responsible for the care of an elderly parent or relative – is it VERY likely, SOMEWHAT likely, somewhat UNlikely, or VERY unlikely?
(percent who say very or somewhat likely)



National Partnership for Women & Families — Lake Snell Perry & Associates

Quality matters most.

If you were choosing a health care plan, which would be MOST important to you?

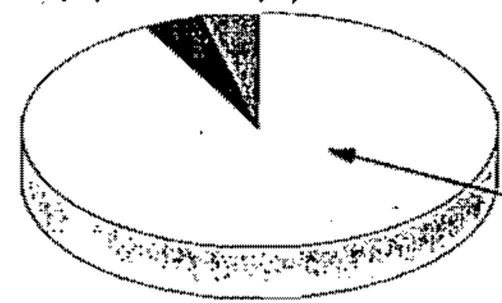


National Partnership for Women & Families

Lake Sosin Snell Perry & Associates

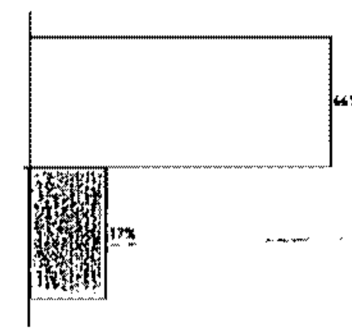
Americans are nearly unanimous in demanding quality standards, and two-thirds prefer setting those standards at the state or national level.

In general, should health insurance companies and health plans be required to meet basic quality standards, or should this not be required?*



*(Percentages total over 100% due to rounding)

What is the BETTER way to make sure that health insurance companies and health plans meet basic quality standards?

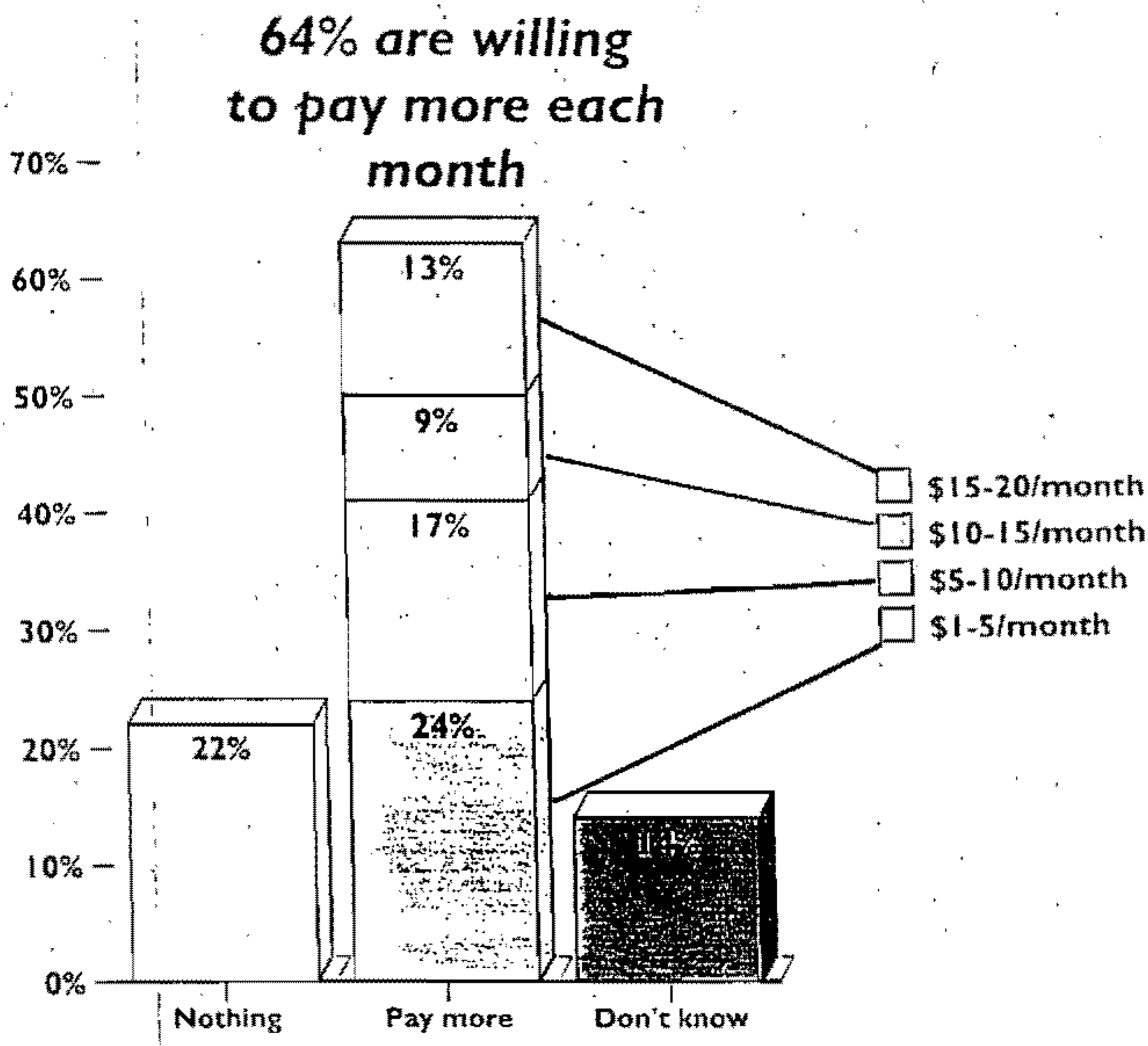


National Partnership for Women & Families

Lake Sosin Snell Perry & Associates

Americans are willing to pay more for these patient protections.

If the Patient Protection Act were to raise your out-of-pocket costs for health insurance, how much more would you be willing to pay a month for these protections?



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

THE CHAIRMAN

Jen, OK

December 5, 1997

MEMORANDUM FOR BRUCE N. REED
ASSISTANT TO THE PRESIDENT FOR
DOMESTIC POLICY

FROM: JANET L. YELLEN Janet L. Yellen

SUBJECT: Child Care Initiative

In follow-up to this morning's child care meeting, I wanted to write to emphasize my view on how the initiative should be structured.

Increasing the affordability of care for low-income working parents should be the priority of this initiative. Child care costs impose a substantial financial burden on this population, significantly reducing the return to work. We are currently subsidizing only about 1 in 10 of children below 200 percent of poverty whose mothers work.

Money to improve child care quality can best be spent on enforcement of basic health and safety standards and other state licensing standards, and on consumer education. Other initiatives to improve early learning would be most effectively designed as demonstration projects that would allow experimentation with different models for enhancing child development. The results would provide much-needed information about how best to promote early learning, and successful models could then be publicized to parents and communities.

Jan, OK (whole page)

Parents, the Ultimate Experts, Critique the Clinton Proposal

Diverse Elements For Many Needs

By MARGARET O. KIRK

WHATEVER the merits of its specifics, President Clinton's proposals to spend $21.7 billion over five years to improve child care taps into one of the most vexing daily concerns of many parents at nearly every income level.

Keith and Sondra Conley of Morganton, N.C., put their first child, Arielle, into day care when she was 18 months old, as soon as a spot opened in a group at the nearby Presbyterian Learning Center. Today, Arielle, almost 5, still attends the center, at a cost of $298 a month. And the Conley's second daughter, due at the end of January, is already on the center's waiting list for a slot in August 1998, when Sondra plans to return to teaching fourth grade.

"It's very difficult to find day care for children from birth to age 2, because the care is so expensive," said Mr. Conley, 40, a coordinator of student services at Western Piedmont Community College. "You put them on the waiting list as soon as you find out your wife is pregnant."

Mitral L. Williams of Oakland, Calif., has her children on a waiting list, too. For two years, this 27-year-old single mother has been waiting to receive subsidized child care, as she worked part time and went to school to get off welfare.

Without subsidized care, she said, the child care she could afford was so inadequate for her children, now ages 1 and 5, that she recently quit school and lost her work assignment. "The stress with bad child care, getting calls to come get your children, worrying about them, leaving them with whomever I could find — I couldn't take it," she said. "My first responsibility is to keep my kids safe, and I was placing them in unsafe conditions because I couldn't afford anything better."

Amanda and Robin Mitchell-Boyask, who live in Philadelphia, have managed to avoid day care waiting lists, but staff turnover has been a big concern at the center their two children, 15 months and 3½, attend four days a week.

"Our center is very good, but people talk about staff motivation and turnover as something that needs addressing," said Ms. Mitchell-Boyask, 33, a fund-raiser for the Curtis Institute of Music, which is near the center. "There is a massive need for improved training and improved salaries, or

Benjamin Porter for The New York Times

Arielle Conley's parents, Keith and Sondra, of Morganton, N.C., found affordable care.

The President's plan, announced earlier this month, touches on issues that are important to these families and those of the nearly 13 million children under age 6 who are estimated to be in child care nationwide. The plan includes initiatives to improve affordability, availability, quality and safety through such diverse elements as proposals for $5.7 billion in new or expanded tax credits for individuals and businesses, a $3.8 billion increase in Head Start financing and $800 million in additional financing for after-school programs.

One part of the proposal, a $7.5 billion increase for the Child Care and Development Block Grant program that is administered by the states, is intended to provide subsidized child care for people like Ms. Williams. According to Federal estimates, this new money could double the number of children receiving subsidized day care, to two million.

And the President's $3 billion Early Learning proposal to improve the education and the quality and safety of care for young children is modeled in part after the North Carolina program called Smart Start, which helped provide day care for the Conleys'

The President's plan also includes $250 million to create a Child Care Provider Scholarship fund, which would provide money to child-care workers to continue their education and training in an effort to reduce staff turnover. According to child-care experts, this turnover averages 42 percent a year nationwide.

THE child-care package faces the objections of Republican leaders in Congress, some of whom say money should go back into the taxpayers' pockets instead of to Federal programs. They are expected to introduce their own plan after the State of the Union address on Jan. 27.

"The proposal has already had at least one immediate impact, said Marcy Whitebook, co-director of the Washington-based Center for the Child Care Workforce. "For all the debates about what do we think of child care, the President's proposal acknowledges that it is definitely woven into the fabric of our society," she said.

"The question I have about the proposal is: Do we have the balance right?" she added. "Although there is money for scholarships, there is nothing to reward the pro-

Minding the Children

President Clinton's child care proposal would spend $21.7 billion in the form of subsidies and tax credits over five years. It blends several initiatives, expanding some existing programs and adding new ones.

Child Care and Development Block Grant *Increase of $7.5 billion*
To double, to two million, the number of children from low-income families in subsidized child care programs by 2003

Child and Dependent Care Tax Credits *Increase of $5.2 billion*
To extend credits on a sliding scale to three million families earning as much as $60,000 a year. On average, would result in tax cut of $358 for qualifying families

Head Start/Early Head Start Programs *Increase of $3.8 billion*
To expand child development programs' reach to one million children by 2002

Early Learning Challenge Grants *$3 billion*
To create a fund to support and improve early learning and the quality and safety of care for children up to age 5

After-School Programs *Increase of $800 million*
To provide after-school care for up to 500,000 children

Corporate Child Care Tax Credits *$500 million*
To encourage companies to offer child care services for employees, either on site or by contracting with off-site providers

Child Care Provider Scholarship Fund *$250 million*
To support 50,000 scholarships a year for child care workers to improve their skills

Health, Safety and Research Initiatives *$650 million*
To help improve states' licensing systems and enforcement of health and safety standards, including background checks for child care workers

According to Childspace Cooperative Development Inc., a nonprofit group in Philadelphia that works to improve child-care salaries and conditions, the average hourly wage of child-care teaching assistants is $5.70; teachers make $7.22. Fewer than a third of all centers offer health care benefits to their teaching staff.

The proposed $250 million scholarship fund is patterned after a program that does address the wage-and-turnover issue — another North Carolina program, called T.E.A.C.H. Early Childhood Project, started by the state's Day Care Services Association in 1990.

The T.E.A.C.H. program rewards day care workers who study for an associate degree, said Susan Russell, executive director of the association. After completing course work, the teacher is guaranteed a salary increase through either a raise or bonus. In return, the teacher promises to remain in the sponsoring child-care program or the field for three months to a year, at a minimum.

T.E.A.C.H. participants have a yearly turnover of just 10 percent, Ms. Russell said.

Jackie Parrish, 29, a day care teacher in

program with "keeping me in child care and keeping me in school."

"They gave me money and I agreed to stay," he said. "I'm happy, and I really love my job taking care of kids. And I get a raise."

Mr. Mitchell-Boyask, 36, is impressed with the efforts of the President's proposal to improve the quality of day care services through training, accreditation or licensing, and says he hopes all this will help to decrease staff turnover.

Ms. Williams also thinks the proposals have merit. "Anyone coming off of welfare needs subsidized child care," she said. "The President's plan seems to say that."

She is still on the waiting list for subsidized day care, but was able to get her younger son enrolled in a new Early Head Start program that just opened, an initiative the Clinton plan intends to expand. It is only a half-day program, however, and it doesn't solve her need for extended day care and for after-school care for her 5-year-old. But Ms. Williams said she felt fortunate. Her younger son will "be safe and happy," she said.

"And for me to have time to go look for a job. I'll be happy. I'll be able to take a free-

A Tantalizing Field, but Not for Unschooled Investors

By SANA SIWOLOP

ADD President Clinton's new initiative to the list of factors that make child care so tantalizing a field for investors.

Mr. Clinton's plan, a Lego-like assortment of measures, ranging from tax credits for families and employers to scholarships for child-care providers, has yet to be fully drawn or to pass muster with Congress. But its $21.7 billion price tag over the next five years — organized child care now generates just $30 billion annually — has quickly gained the industry's attention and perked up many child-care companies' stocks.

The industry looks good on the demand side, too. Study after study has shown that — other than maybe 12 hours of uninterrupted sleep — affordable, high-quality child care is one of the highest priorities for parents of young children.

Moreover, only 14 percent of children are in care arrangements that promote healthy development, according to a recent Yale study that confirms earlier findings. Such studies mean there are ample opportunities for companies to snare parents who want to replace nannies and family day-care providers with organized, high-quality care.

And there is plenty of room for child-care companies to grow. The business is dominated by small, often poorly financed nonprofit providers, with the 50 largest for-profit companies accounting for less than 10 percent of industry capacity.

But while the field has great potential, it is not for the unschooled investor. Its public companies — the field's three biggest ventures are private — are small, with revenues of less than $100 million each. That makes their stocks risky and relatively illiquid, and analyst coverage sparse.

The industry has slim margins and sometimes hefty costs, too, and those traits can spell trouble in this acquisition-minded field. Indeed, Kindercare Learning Centers, the industry leader, went bankrupt in 1992. It was recently bought by an affiliate of Kohlberg Kravis Roberts and taken private.

Child care is also highly regulated; opening a center can easily involve a half-dozen public agencies. Some companies even try to minimize the risk of new regulations by intentionally doing their growing only in states that already have strict oversight.

Besides understanding the sector's risks — including the chance that Mr. Clinton's plan will fizzle — investors must also realize that it is many fields in one. There are the traditional companies, which primarily provide care at their own stand-alone facilities. There are the work-based companies, which aim for the employer market. And at least one other venture, through a network of preschools, elementary schools and middle schools, tries to hold onto its charges from toddlerhood to the teen-age years.

Each strategy poses different risks and prospects for the investor.

Consider Children's Discovery Centers of America and Childtime Learning Centers, the two major public companies that take the traditional approach.

Both these companies get high marks for their educational programs. About 10 percent of Childtime's centers are accredited by the National Association for the Education of Young Children, an industry group, with 20 percent more in the process. That compares with less than 10 percent for centers nationwide. And Children's Discovery tries to distinguish itself by promoting the flexible curriculum developed by Jean Piaget, the late Swiss psychologist.

Childtime's stock has done well recently, rising about 40 percent since early September, to $14.25 at Friday's close. Harvey Eisen, a portfolio manager at the Travelers Group who has a stake in the stock, particularly likes the company's management.

But the stock of the company, which has about 230 centers in 16 states and the District of Columbia, had been sluggish until inklings of Mr. Clinton's plan surfaced in October. Leslie A. Nelkin, an analyst at Furman Selz, suspects that the sluggishness may have stemmed from the lack of any big revenue gains for the company.

Children's Discovery went on an acquisition binge in the early 1990's: it swallowed 85 new child-care centers in 1994 and 1995, for example. The company could not quickly absorb such growth, however, and the problem was worsened by increased competition for smaller acquisitions. A result was that in 1996, Children's Discovery's earnings slid 85 percent.

Lately, Children's Discovery has beefed up its margins, in part by growing in a more controlled manner. And its stock, which closed Friday at $8.50, may be a good buy; it trades at only about half of its 1995 peak.

But whatever the pros and cons of the individual companies, revenues in the traditional segment of child care are growing only by 10 to 15 percent a year. Investors seeking faster growth may want to turn to employer-sponsored child care, for which revenues are growing 25 percent yearly.

Because they can usually use an employer's location, companies in this $2 billion-a-year sector also tend to chew up less capital than traditional ventures consume. Edgar Larsen, a portfolio manager at AIM Capital Management in Houston, likes the employer-based sector for another reason: the companies often get multiyear contracts, making the flow of revenue more certain.

Mr. Clinton's proposal, with its tax breaks for employers who sponsor child care, further enhances the sector's appeal.

"While the Clinton initiative may not be a catalyst for large companies, it really will create the incentive for small and medium-sized companies to do this," said Michael T. Moe, an analyst at NationsBanc Montgomery Securities.

Investors have flocked to this sector and the stocks of its two primary public companies have soared. Corporate Family Solutions, which went public in August at $18 a share, was trading at $23.75 at Friday's close. Shares of Bright Horizons Children's Centers, which went public in November, have gone to $19.50 from $14.50.

While Bright Horizons has large clients like I.B.M. and Warner Brothers, Mr. Moe prefers Corporate Family Solutions. That company also has contracts with large outfits, like Citibank and Toyota, and it is skilled as well at using its child-care business as a basis to provide family support, elder care and other services to companies.

But Mr. Larsen, whose firm has stakes in both companies, cautions that the stocks are now very pricey. Corporate Family Solutions trades at 52 times its estimated 1998 earnings per share, while the multiple of Bright Horizons is 45.

How can investors play this sector at a reasonable price? Mr. Larsen's strategy is to buy the stocks on weakness; the sector's volatility means that this opportunity often arises. Corporate Family Solutions, for instance, went from $18 in early September to $15 in mid-November to nearly $24 now.

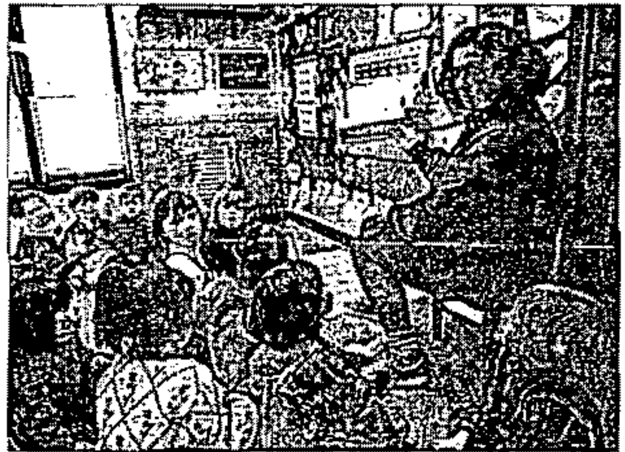
"If the multiple was 30 to 35 times 1998 earnings, I would be interested," he said.

MS. NELKIN of Furman Selz offers another tactic for investing in the employer-based sector: Go with either Children's Discovery Centers or Childtime Learning Centers. Despite their mostly traditional approach, these companies also furnish some employer-based care, Ms. Nelkin said. About 27 percent of Children's Discovery centers are employer-based. Yet the companies' 1998 multiples — 22 for Children's Discovery and 16 for Childtime — are far lower than those of Corporate Family and Bright Horizons.

Nobel Education Dynamics takes a different tack than other child-care companies: it tries to get its preschools to lead students into its network of elementary and middle schools. Nobel does not publish its pass-along rate, but Ms. Nelkin thinks that between one-quarter and one-third of Nobel's preschoolers stay in its 125-school system.

Nobel's tactics may ultimately work, but like many child-care companies it has had its missteps. Its earnings slid recently, for instance, sending its price-to-earnings ratio to a lofty 58. One reason for the slide, Ms. Nelkin said, appears to be the company's overestimation of demand when it bought some schools in Indianapolis in 1995.

Like their charges, child-care companies often have such growing pains. Enduring them is the price investors must pay in order to be there when — and if — the industry matures.



Frank C. Dougherty for The New York Times

Children's Discovery tries to distinguish itself from other child care companies by having a flexible curriculum. This Oakland, N.J., center is open from 7 A.M. to 7 P.M.

Child's Plays

Child-care companies pursue a range of strategies. Here are three examples.

Company/symbol Strategy	Annual revenues	Analysts' appraisals	Est'd 1998 P/E ratio	Friday's close
Childtime Learning Centers CTIM *Mostly stand-alone centers*	$78.6 million	The company is one of this new industry's largest, but the stand-alone segment is growing just 10%-15% a year.	16	$14.25
Corporate Family Solutions CFAM *Employer-based care*	$62.9 million	Work-based centers are increasing revenues by 25% annually, but this company's stock is pricey	52	$23.75
Nobel Education Dynamics NEDI *Child care and schooling*	$58.9 million	Revenues are rising at Nobel, which has expanded into elementary and middle schools, but demand overestimation has hurt profits	58	$ 7.50

Sources: Bloomberg Financial Markets; analysts' reports

The "Ups and Downs" chart that normally appears on this page is on page 7 today.

THE SOUTHERN INSTITUTE
on Children and Families

April 18, 1997

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

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

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.

Child care

MEMORANDUM

TO: TOM FREEDMAN, MARY L. SMITH

FROM: DREW HANSEN

RE: CHILD CARE FINANCING

DATE: JULY 15, 1997

SUMMARY

Obtaining financing for the construction and maintenance of child care facilities as well as for the salaries of staff and for the fees of low-income parents is a pervasive difficulty of child care providers nationwide. The following is a summary of some innovative approaches to financing child care.

1. FINANCING THROUGH AMERICORPS

Americorps members currently work in child care, Head Start, and other early learning programs. The Home Instruction Program for Preschool Youngsters (HIPPY) of Colorado employs Americorps workers as mentors and assistants to parents involved in teaching their young children. Expansion of child care volunteerism is possible under America Reads.

2. CORPORATE PROGRAMS

Many corporations provide on-site or near-site child care for their employees. *Working Mother* recently listed 100 "family friendly" companies, of which 76 provided on-site or near-site child care. Some examples:

- Nations Bank has spent $25 million assisting its 65,000 employees in their child care needs. Nations Bank subsidizes child care expenses for its employees, and encourages them to choose high-quality care by subsidizing licensed providers at a higher rate than non-licensed providers.

- Neuville Industries, a hosiery manufacturer located in Hildebran, NC, has an on-site child care center serving 79 children for its 600-employee workforce. Parents pay 60% of the cost of care and Neuville subsidizes the remaining cost and gives employees 21-26 days of free child care per year, based on seniority. Neuville also subsidizes near-site care for employees working evening shifts.

3. PARTNERSHIPS WITH MILITARY PROGRAMS

The military child care system is known for high quality standards, strong enforcement and oversight, relatively generous wages for providers, support for home care providers, and funding to make quality child care affordable.

In 1997, President Clinton issued an executive memorandum to the Secretary of Defense, directing him to use the Department's expertise to improve child care in communities across the nation through 1.) creating partnerships with civilian child care centers, 2.) providing training courses for civilian child care providers, 3.) sharing the technical expertise of the military centers (in design, financing, etc.), 4.) working with States and local governments to enable military child care facilities to be used as training locations for welfare recipients moving from welfare to work.

4. PUBLIC-PRIVATE PARTNERSHIPS

Early Childhood Investment Fund (New York)

- Supports public/private partnerships statewide to improve child care delivery. Provides planning grants of up to $10,000 to develop solutions to community child care needs, direct-service grants to start or expand child care facilities, which can be used to subsidize parents' fees, and grants to increase the quality of existing child care.

- Founded in 1992 with $100,000 from New York State and $50,000 each from the American Express Foundation and the Traveler's Foundation.

- Communities required to match funds at a 2/1 rate, low-income communities match at 1/1 rate. Most programs have exceeded this requirement and matched at 3/1.

- In first three years, the program has made 18 planning grants and 22 direct service grants, totalling $522,052 and leveraging $1,577,273 in matching funds.

- Similar programs exist in California (Child Care Initiative), Maine (Child Care Development Project), Mississippi (Child Care Campaign), Oregon (Child Development Fund), and Charlotte, NC (Corporate Champions).

Smart Start (North Carolina)

- Gives grants to leverage other funds for a broad variety of child care needs. Many counties use the grants to decrease the waiting lists for subsidized child care or to increase the income eligibility levels and provider reimbursement rates for existing child care.

- Proposed in 1993, in 1995-1996 had $57 million in funds, raised $9.5 million in corporate matching funds, and had local matching funds/in-kind donations totalling $4.8 million.

Teacher Education and Compensation Helps (T.E.A.C.H.) (North Carolina)

- Provides educational scholarships for child care teachers, center directors, and family child care providers.

- Piloted in 1990, by 1995 2,000 providers in the program. Used between $850,000 and $1 million in federal funds for each of the last three years.

- Similar programs exist in Georgia, Florida, and Illinois.

Rochester/Monroe County Early Childhood Development Initiative (New York)

- Supports a broad variety of child care initiatives, including start-up costs for new facilities, assisting accreditation, staff development, etc.

- Started in 1990. Total funds are $74 million, with $6 million from the federal government (including Head Start funds), $20 million from state and county, $6.4 million from school districts, $2 million from city child care funds, $4 million from the Rochester United Way, $2 million from the Diocese of Rochester, $400,000 from foundations, and an estimated $35 million in parent fees.

- Similar programs exist as the United Way/Oregon Community Foundation and the Charlotte-Mecklenburg Children's Services Network (North Carolina).

5. PUBLIC FINANCING – GRANTS

General Obligation Bonds (Minnesota)

- The government sells bonds and uses the proceeds to support one-time capital improvement costs, then allocates a portion of tax revenue to pay the debt (the same process is used for financing prison expansion and public utilities). This money funds grants to public agencies (school districts, cities) to build or renovate early childhood education facilities.

- Allocations of about $2 million in 1992, 1994, and 1996.

Tax-Exempt Bonds (Illinois)

- The Illinois Facilities Fund borrows funds through tax-exempt bonds and uses the funds to construct five child care centers and renovate two.

- The Fund has borrowed $13 million since 1992, and providers had to raise 10% of construction costs. Providers have attracted $24 million in other funding.

Child Care Center Start-up and Health and Safety Grant Programs (New York)

- Provides pre-development planning grants of $75,000/project, child care center start-up and expansion grants of $100,000 for a full-day center and $25,000 for a part day center, and health and safety grants of $10,000 for an existing center.

- Since 1984, it has provided $750,000 in planning grants, $1.8 million in start-up grants, and $900,000 in health and safety grants.

- Similar programs exist in about 21 states.

Family Child Care Start-up and Health and Safety Grant Program (New York)

- Provides grants of up to $500/home for child care facilities caring for up to 8 kids and group facilities caring for up to 14 kids.

- Established in 1987, in 1996 had a $2.6 million budget.

6.. PUBLIC FINANCING -- LOANS

State Loan Guarantee Program (Maryland)

- Assists day care centers (for children and the elderly) in obtaining loans by guaranteeing up to 80% of a loan. Has guaranteed loans from $15,000 to $1.6 million.

- Established in 1984 with a $750,000 appropriation, now can guarantee up to $6.2 million in loans.

- Similar programs exist in Arkansas, California, North Carolina, and Tennessee. In New York, the state mortgage agency guarantees loans through the Chase Community Development Corporation.

Child Care Facilities Direct Loan Program (Maryland)

- Makes loans at or below the prime lending rate on a 20yr. repayment schedule for up to 50% of the cost of building or renovating a child care facility.

- Established in 1988 with $1.75 million, now has $1.8 million. Makes loans from $35,000 to $350,000; average loan is $200,000.

- Similar programs exist in Virginia, and under generic "business development" headings in New York and North Carolina.

Small Child Care Revolving Loan Fund (Maryland)

- Makes small ($1,000 to $10,000), short-term loans for minor renovations..
- Established in 1992, was allocated Child Care Development Block Grant funding of $62,000 in FY '95-'96, down from $125,000 in FY '94.
- Similar programs exist in Virginia. North Carolina and Maine allocate resources for the same purposes to community-based organizations.

Community Development Financing (North Carolina)

- The Center for Community Self-Help takes money from deposits to their credit union and makes grants for capital financing and program-related investments (zero- or low-interest loans, etc.)
- The Center was established in 1980 and began targeted child care in 1993, it has loaned $3.5 million for child care facilities to date, ranging from $500 to family child care providers to $850,000 to build a new child care facility.
- Similar programs exist in many states with "community development" organizations.

Community Development Finance Fund Linked Deposits (Ohio)

- Deposits funds in conventional lending institutions to encourage banks to loan at a reduced rate to a specific borrower (i.e. a child care provider). The same strategy has been used in providing funds for low-income housing.
- By July, 1995 had obtained loans of $3 million.
- Also helps with technical assistance, funding child care "micro-enterprises", and providing "gap financing" to cover the gap between a mortgage and the total cost of construction or renovation of a facility.

Commercial Lender Public-Sector Partnership (D.C.)

- The Center for Policy Alternatives encouraged 20 banks in the D.C. area to pool resources to develop child care loans. Loans are in three categories: "mini" micro-loans (up to $1,500) for family child care, micro-loans (up to $25,000) for non-profit child care organizations, and real estate mortgage lending of up to $1 million for major renovation or construction.

- Banks contributed $350,000 for the "mini" loans and $2 million for the larger loans. D.C. guaranteed the "mini" loans with $75,000 of Child Care Development Block Grant funding. Banks donated $70,000 for administration costs, and D.C. donated $75,000 of CCDBG money for technical assistance and training.

- Began in May, 1995 and "mini" micro-loans were available in 1996. The other loans are still in the planning stages.

- Similar programs exist in Ohio and Portland, Oregon.

Bruce, Paul –

I think this is important. I need Jen especially to be working on the policy side; hiring someone (with the First Lady's Office) to take care of the logistics would be very useful. I know Melanne agrees. How should we proceed?

Elena

Child Care

August 5, 1997

MEMORANDUM

TO: Melanne Verveer
Elena Kagan

FROM: Jennifer Klein
Nicole Rabner

RE: White House Conference on Child Care

As you may imagine, we have been giving much thought to the work involved in organizing and executing the White House Conference on Child Care, which is now approximately 12 weeks away. We have been giving particular thought to the lessons learned from the White House Conference on Early Childhood Development and Learning, as well as to the high expectations that the success of that event creates for this one.

We are writing to recommend that we hire, on a short term, full-time basis, someone to manage the logistics of the Conference, with responsibilities for the guest list, program, materials, and satellite site coordination for the Conference. We would obviously work hand-in-hand with this person. As you know, managing a Conference is far more labor and process intensive than is any one event at the White House. Announced far earlier than nearly any other White House event, the interest that it generates in the public and advocacy community alone requires substantial attention. And while White House staff in various departments ably picks up pieces of responsibility for the Conference, in our view it requires and deserves a person devoted managing the logistical pieces continually.

Most important, we anticipate that the child care policy development process will demand far more time and attention than we experienced with the April Conference. The issue is bigger and the stakes are higher. Our fear is that therefore we will be unable to give sufficient attention to the Conference. We also foresee a staffing shortage, with the Child Care Bureau less able than we thought to devote resources and staff to managing the Conference, with Jen working three days per work, and with our half policy slot still unfilled.

We could explore whether there might be a suitable detailee, or whether HHS could be convinced to pay for a consultant. Please let us know what you think.

Child care

MEMORANDUM

TO: BRUCE REED, ELENA KAGAN

FROM: TOM FREEDMAN, MARY L. SMITH

RE: INSURANCE FOR HOME CHILD CARE PROVIDERS

DATE: JULY 29, 1997

SUMMARY

Recently, there was a problem in Florida with insurance companies canceling homeowner's insurance policies for persons who provided child care in their homes. This problem reached crisis levels in Florida because the state's insurance company, known as the Joint Underwriting Association, which is a last-chance insurer for many persons, was planning on denying coverage to people providing day care in their homes. Apparently, this is a widespread problem that often does not rise to the surface for several reasons, including the following:

(1) Many insurers simply don't know that their policyholders provide child care in their homes;

(2) Insurance coverage only affects those who provide child care to a certain minimum number of children, usually above 3 to 5 children; and

(3) Many child care providers are able to locate insurance from a few insurers.

HOW THIS AFFECTS OTHER AREAS

- **Welfare.** Home child care facilities are often the main solution for welfare moms who are about to enter the workforce under the new welfare law. For instance, Larry Pintacuda, chief of child-care services for the Florida Department of Children and Families, believes that the insurance companies' restrictions on the number of children would seriously jeopardize Florida's welfare-reform efforts to solve a shortage of infant, evening and weekend care. Pintacuda believes that thousands of poor children will be without affordable day care if the state can't expand the number of neighborhood-based child care homes.

- **Mortgages.** Even if home child care providers obtain separate business liability insurance, their homeowner's insurance still might be canceled. Many mortgage companies require homeowner's policies.

SOME STATES THAT HAVE TAKEN ACTIONS

- **California.** California passed legislation that an insurance company can't cancel a person's homeowner's insurance simply because that person provides home child care services.

- **Florida.** A few weeks ago, a crisis developed because the state's insurance company, the Joint Underwriting Association, was threatening to deny homeowner's coverage to those persons providing child care services in their homes to more than three children. **Solution:** Florida is in the process of negotiating that policies would be issued only to registered and licensed family child-care homes. There are about 7,600 licensed and registered family child-care homes in Florida, but state law does not require them to carry liability insurance.

- **Minnesota.** Minnesota passed legislation that immunizes insurance companies from liability under a homeowner's policy to those persons operating child care facilities out of the home. The insurance company's liability, if at all, would stem from a separate business insurance rider.

- **Oregon.** Oregon passed legislation that prohibits insurers from canceling or refusing to issue or renew homeowner's or renters' liability insurance or fire insurance solely because the policy holder is a family day care provider.

- **Washington.** Washington passed legislation intended to remedy the problem of the unavailability of liability insurance for day care providers by requiring all insurers authorized to write commercial or professional liability insurance to be members of a joint underwriting association created to provide liability insurance for day care providers.

BACKGROUND

- Business liability insurance costs approximately $300-$500.

- In many states, such as Minnesota, there are only one or two insurance companies that will provide the type of coverage needed by home day care facilities.

At Work/Barbara Presley Noble 6.20.93

Financing Strategies for Child Care

A lack of access to credit stands in the way of making more child care available.

ALL appearances in Washington to the contrary, an illegal, Social Security-free nanny at home is not the typical child-care arrangement in the United States. Nearly half of all preschool children with a working mother are in daycare centers or family day care and several million more would be if the slots were available. The Urban Institute estimates the shortfall at some six million places, caused by lack of capital, low wages that limit the pool of workers and the need to keep the cost to parents at an affordable level.

Child-care experts say the traditional places to turn for help, state and local government, are themselves desperately in need, drained by burdens transferred to them during the Reagan-Bush years. So, advocates for children are beginning to turn to the private sector. Policy groups, led by the Center for Policy Alternatives, a Washington research organization, have recently been talking about an innovative financing strategy that uses the Community Reinvestment Act of 1977 to encourage partnerships between banks and child-care providers. In the best tradition of enlightened self-interest, the tactic could work to the benefit of both.

Tomorrow the center will release a survey indicating both that a certain amount of education will have to take place before such partnerships have any chance of becoming common — and that child-care providers are quite interested in seeing that happen.

The critical barrier to expanding the availability of child care, as the survey's title, "The Child Care Credit Crunch," suggests, is a lack of access to credit. Child-care resource and referral agencies told researchers they need financing for renovation and expansion and lines of credit for operation. Yet only a few agencies reported having working relationships with banks. Nearly half said their providers had never approached a lender and more than a quarter said banks had been either discouraging or downright unhelpful.

The perception that banks don't take women, who predominate in the child-care industry, seriously was widespread. As one respondent wrote, "Our lenders still feel child care is 'babysitting' when a female requests a loan; they consider it a business venture if a male requests a loan."

Bankers, on the other hand, have traditionally been disdainful of small potatoes, and the survey's respondents aren't the first to accuse banks of gender bias in lending. The Center for Policy Alternatives thinks, however, that the barriers between providers and bankers are very breachable, once the two communities get to know each other.

Linda Tarr-Whelan, president of the center, took that message to a conference attended by both groups two weeks ago in Michigan. "It was very clear they had never been in the same room before," she said. "Every time bankers said 'risk,' you could watch the child-care people wince."

The people who run and staff child-care centers typically have backgrounds in social, not financial, services. "The child-care community has not looked at itself as a business," Ms. Tarr-Whelan said. "Clearly, the banking community hasn't seen it that way either."

The strategy, endorsed by C.P.A., the Child Care Action Campaign and several local groups, is to help providers develop an

> "Every time bankers said 'risk,' you could watch the child-care people wince."

instinct for the bottom line — learning how to devise business plans, for example — while conducting a teach-in to the banking community on the benefits of the child-care market.

The stick for bankers is the Community Reinvestment Act of 1977, which obligates lenders to equitably meet the credit needs of the communities it serves, or risk their flexibility in opening new branches, merging and expanding services. The carrot, potentially, at least, is a new loan market and increased consumer activity. Family day care providers, particularly, often need small, unprofitable sums of money for things like a fire door that would bring it up to code and ensure its survival. "Some loans may not make money," Richard C. Ferlauto, manager of the public capital program at the center, said of the smaller amounts centers occasionally need to survive. "But the long-term business relationship is important. Providers use the banks for checking and cash flow."

Mr. Ferlauto looks to the success community activists have had with the C.R.A. in their efforts to build affordable housing. The National Community Reinvestment Coalition, which keeps track of lending agreements, reports that in the last five years more than $40 billion has been earmarked primarily for housing loans in underserved communities. Even a small portion of that could put a lot of parents' minds at ease. ■

Guaranteed Loans for Providers

FEW banks greet small businesses with wild enthusiasm when they come looking for loans, but child-care providers face special impediments, according to a recent report from the Center for Policy Alternatives:

- Lenders, unfamiliar with the child-care community, typically impose heavy collateral requirements.
- Parents, especially low-income parents, are usually unable to pay the full per-child cost of child care. Providers need subsidies from government and other sources to meet their expenses, including the interest and principal of a loan.
- Providers often lack business experience and a lending history.

To bridge the gap between lenders and providers, four states have established child-care loan guarantee funds. Maryland, Arkansas, Tennessee and Washington guarantee loans made to providers in amounts ranging up to about $250,000.

The money is deposited into an account, which is then used as collateral. The guaranteed approach, in contrast to, say, a direct loan fund, allows the money to be leveraged into a greater amount of capital. As the report points out, $100,000 deposited in a fund can guarantee $500,000 in loans; a direct loan of $100,000 is only $100,000 in capital. Interest on the fund can pay for defaults.

CHILD CARE LEGISLATION -- 106th CONGRESS
1999

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
President's Child Care Initiative	$19.3 billion over 5 years (plus $182 million per year for quality and research activities)	Provides an additional $7.5 billion in mandatory funding over 5 years through the CCDBG to increase the amount of child care subsidies available to working families. Will increase the number of children served by 1.15 million by FY 2004.	Establishes a new Early Learning Fund -- $3 billion over 5 years -- which provides challenge grants to communities (distributed to states) to support programs that promote early learning and the quality and safety of child care for children ages zero to five. Funds may be used for a variety of activities.	Expands the 21st Century Community Learning Center program by $2 billion over 5 years to provide funds to school-community partnerships to establish or expand the supply of afterschool care for school-age children.	Invests $5 billion over 5 years in the DCTC, increasing tax credits for three million working families with incomes below $60,000. Invests $1.3 billion over 5 years in the DCTC for parents who stay at home with a child under age one, to benefit 1.7 million families. Families take advantage of the credit by assuming up to $500 of child care expenses per year.	Includes approximately $500 million over 5 years for tax credits to businesses that provide child care services for their employees, building or expanding child care facilities, operating existing facilities, training child care workers, reserving slots for employees at child care facilities, or providing child care resource and referral services to employees. The credit covers 25% of the qualified costs (maximum credit -- $150,000/year).	----

Child Care

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
H.R. 28 **Gilman (R-NY)** *introduced 1/6/99* Co-Sponsors: Kelly (R-NY) Maloney, C. (D-NY) Morella (R-MD) Shays (R-CT) Romero-Barcelo (D-PR) Waxman (D-CA)	$900,000 for FY 2000 and such sums as may be necessary for each fiscal year thereafter	----	Mandates that Federal child care centers obtain appropriate state and local licenses and comply with child care licensing requirements. Directs GSA to establish and enforce child care health, safety, and facility standards and require centers to comply with accreditation standards. Provides for technical assistance to assist center compliance with these mandates. Directs GSA to establish an inter-agency council to facilitate cooperation and sharing of best practices, and develop and coordinate policy regarding the provision of child care in the Federal government. Allows agencies to conduct demonstration projects to test innovative approaches to providing alternative forms of quality child care assistance for Federal employees, and directs GSA to act as an information clearinghouse. Requires workers in Federal child care facilities undergo criminal background checks	Federal child care facilities required to provide for needs of breast fed infants and their mothers. GSA is authorized to partner with private sector, allowing spaces to be reserved for Federal employee children in non-government child care centers when it is more cost-effective, providing these centers are licensed and accredited. Definition of Federal employee children is broadened to include children in the custody of Federal employees and on-site Federal contractors, such as grandchildren. Modifies 50% rule, requiring that 50% of total enrollment in Federal centers government-wide be Federal employee children.	----	----	----

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
H.R. 143 **Gilman (R-NY)** *introduced 1/6/99* <u>Co-Sponsors:</u> Kelly (R-NY)	----	----	Encourages the use of quality child care by linking increases in the DCTC to quality services. Authorizes $260 million for each of FYs 2000 through 2004 to establish a program of competitive grants to states to improve child care quality. Requires recipient states to establish a subsidy for certified child care providers, establish a grant program to assist small businesses in operating child care programs, and carry out 1 or more of 7 specified activities. Requires the D.Ed, Justice, HUD, and Labor to ensure that any child care made available under any Federal financial assistance carried out by those agencies be provided by an accredited child care center or a credentialed child care professional.	Authorizes $50 million for each of FYs 2000 through 2004 for a grant to an eligible organization to develop and operate a technology-based child care training infrastructure in order to facilitate accreditation, credentialing, and information dissemination. Requires that grantee to establish and operate a child care training revolving fund to make loans to enable the purchase of equipment used to disseminate training through the infrastructure. Expands the Dependent Care Assistance Program. Authorizes Community Development Block Grant funds to be used to upgrade child care facilities to meet standards for accredited child care centers, or to renovate buildings for use as such.	Makes the DCTC refundable. For expenses provided in accredited facilities or by credentialed professional: incomes of up to $20,000 eligible for 30% credit; over $20,000 - credit reduced ratably for each $2,500 above $20,000 (but not below 12.5%). Other cases: incomes of up to $20,000 eligible for 30% credit; above $20,000 - credit reduced ratably for each $2,500 above $20,000 (but not below 10%). Eligibility is capped at $70,000.	Allows business credit for 50% of qualified child care expenses, including the acquisition, construction, rehabilitation, or expansion of property, operating costs, service contracts, and accreditation costs. Creates a tax deduction for charitable contributions of scientific equipment to accredited and credentialed child care providers and to elementary and secondary schools.	----

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
Continued **H.R. 143** **Gilman (R-NY)** *introduced 1/6/99*	----	----	Authorizes $10 million for each of FYs 2000 through 2004 for competitive grants to child care credentialing or accreditation entities that have been providing such services for not more than 10 years. Grants shall be made by the Secretary through the National Child Care Information Center and shall be used to refine and evaluate the methods used in accreditation. Allows child care service providers with a certificate or degree in early childhood education or development to have their student loan payments altered or canceled.	Makes the 2% floor on miscellaneous itemized deductions not applicable to accreditation and credentialing expenses of child care providers. Expands home office deduction to include use of office for dependent care.	----	----	----

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
H.R. 206 **Morella (R-MD)** *introduced 1/6/99* Co-Sponsors: Andrews (D-NJ) Baldacci (D-ME) Barrett, T. (D-WI) Carson (D-IN) Costello (D-IL) Cummings (D-MD) Davis, D. (D-IL) Davis, T. (R-VA) DeFazio (D-OR) DeGette (D-CO) DeLauro (D-CT) Delahunt (D-MA) Etheridge (D-NC) Forbes (R-NY) Frank (D-MA) Frost (D-TX) Gilman (R-NY) Hilliard (D-AL) Horn (R-CA) Hoyer (D-MD) Inslee (D-WA) Johnson, EB (D-TX) Kelly (R-NY) Kucinich (D-OH) Lantos (D-CA) Lee (D-CA) McGovern (D-MA) Maloney, C (D-NY) Martinez (D-CA) Moran (D-VA) Myrick (R-NC) Nadler (D-NY)	---- Additional Co-Sponsors: Norton (D-DC) Olver (D-MA) Payne (D-NJ) Pelosi (D-CA) Sanders (I-VT) Snyder (D-AR) Stabenow (D-MI) Towns (D-NY) Wexler (D-FL) Whitfield (R-KY) Wilson (R-NM) Wynn (D-MD)	----	----	Allows Federal agencies to use appropriated funds (otherwise available to agencies for salaries) to provide child care for employees in Federal child care centers or through contract, providing these funds are used to improve the affordability of child care for low income Federal employees. Directs OPM to issue governing regulations.	----	----	----

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
H.R. 285 **Sweeney (R-NY)** *introduced 1/6/99*	----	----	----	----	Eligibility is capped at $50,000. Increases the limit of employment-related expenses to $3,600 for one qualifying individual; $5,400 for two or more.	----	----
S. 7 **Daschle (D-SD)** *introduced 1/19/99* Co-Sponsors: Baucus (D-MT) Boxer (D-CA) Breaux (D-LA) Bryan (D-NV) Cleland (D-GA) Dodd (D-CT) Durbin (D-IL) Edwards (D-OH) Feinstein (D-CA) Harkin (D-IA) Johnson (D-SD) Kennedy (D-MA) Kerry (D-MA) Lautenberg (D-NJ) Levin (D-MI) Mikulski (D-MD) Murray (D-WA) Reid (D-NV) Robb (D-VA) Rockefeller (D-WV) Sarbanes (D-MD) Schumer (D-NY) Torricelli (D-NJ) Wellstone (D-MN)	Approximately $5 billion over 5 years for relevant Titles	----	----	Expands the 21st Century Learning Center Program by authorizing $600,000 million for FY 2000, and such sums as may be necessary for each of FYs 2001 through 2004. Expands the CCDBG by $2 billion over 5 years to increase the availability and affordability of quality care outside normal school hours (including before- and afterschool care, weekend, holiday, and summer care) for school age children.	----	----	----

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
S. 17 **Dodd (D-CT)** *introduced 1/19/99* <u>Co-Sponsors</u> Akaka (D-HI) Biden (D-DE) Bingaman (D-NM) Boxer (D-CA) Breaux (D-LA) Bryan (D-NV) Daschle (D-SD) Dorgan (D-ND) Durbin (D-IL) Feinstein (D-CA) Harkin (D-IA) Hollings (D-SC) Johnson (D-SD) Kennedy (D-MA) Kerrey (D-NE) Kerry (D-MA) Kohl (D-WI) Landrieu (D-LA) Lautenberg (D-NJ) Mikulski (D-MD) Murray (D-WA) Reed (D-RI) Rockefeller (D-WV) Sarbanes (D-MD) Schumer (D-NY) Torricelli (D-NJ) Wellstone (D-MN)		Provides an additional $7.5 billion in mandatory funding over 5 years through the CCDBG to increase the amount of child care subsidies available to working families.	Provides $2 billion in mandatory funding over 5 years through CCDBG to encourage states to invest in child care and early childhood development quality activities. Funds may be used for a variety of activities. Provides $2.5 billion over 5 years to involve communities in improving the quality of early childhood development by providing grants to local collaboratives to improve parent education and supportive services, strengthen the quality of child care, improve health services, and improve services for children with disabilities.	Expands the 21st Century Community Learning Center program by authorizing $600 million for FY 1999 to provide funds to encourage schools to create before- and after-school programs. Provides $2 billion over 5 years through the CCDBG to increase the supply and quality of school-age care. Increases the age of children eligible to be served with block grant funds from 13 to 16. Allows Federal agencies to use appropriated funds (otherwise available to agencies for salaries) to provide child care for employees in Federal child care centers or through contract, providing these funds are used to improve the affordability of child care for low income Federal employees. Directs OPM to issue governing regulations.	Makes the DCTC refundable. Increases tax credit to 50% for families with incomes of $30,000. Above $30,000 -- credit reduced by one percentage point for each $1,000 above $30,000 (but not below 20%). Limit of employment-related expenses adjusted for inflation. Eligibility limited to $60,000. Allows stay-at-home parents with children under age one to claim a portion of the DCTC, based upon imputed expenses of $90/month. Incomes of up to $30,000 eligible for 50% credit. Above $30,000 -- credit reduced by one percentage point for each $800 above $30,000 (but not below zero). Eligibility limited to $70,000.	Authorizes $500 million over 5 years to create new program of competitive "challenge grants" in which communities which generate funds from the private sector would be eligible for matched federal grants to improve availability and quality of child care. $500 million over 5 years to provide 25% tax credits (up to $150,000) to employers for operating on-site child care centers, contracting for off-site child care, contributing to the costs of accreditation, or operating resource and referral systems.	----

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
S. 17 (Continued) Dodd (D-CT)			Mandates that Federal child care centers obtain appropriate state and local licenses and comply with child care licensing requirements. Directs GSA to establish and enforce child care health, safety, and facility standards and require centers to comply with accreditation standards. Provides loan forgiveness for individuals with a degree in early childhood education and employed as a full-time child care provider or educator. Requires workers in Federal child care facilities undergo criminal background checks Allows agencies to conduct demonstration projects to test innovative approaches to providing alternative forms of quality child care assistance for Federal employees, and directs GSA to act as an information clearinghouse.	Federal child care facilities required to provide for needs of breast fed infants and their mothers. GSA is authorized to partner with private sector, allowing spaces to be reserved for Federal employee children in non-government child care centers when it is more cost-effective, providing these centers are licensed and accredited. Definition of Federal employee children is broadened to include children in the custody of Federal employees and on-site Federal contractors, such as grandchildren. Modifies 50% rule, requiring that 50% of total enrollment in Federal centers government-wide be Federal employee children.			

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
S. 63 **Kohl (D-WI)** *introduced 1/19/99* **H.R. 389** **Maloney (D-NY)** *introduced 1/19/99* <u>Co-Sponsors:</u> Baird (D-WA) Barrett, T (D-WI) Bonior (D-MI) Faleomavaega (D-AS) Frost (D-TX) Gilman (R-NY) Hill, B. (D-IN) Inslee (D-WA) Jackson-Lee (D-TX) Kennedy (D-RI) Lewis, John (D-GA) Lofgren (D-CA) Meek (D-FL) Pastor (D-AZ) Ros-Lehtinen (R-FL) Rush (D-IL) Schakowsky (D-IL) Shows (D-MS) Weygand (D-RI)	----	----	----	----	----	Provides employers with a Federal tax credit up to $150,000 per year equal to 25% of the employer's qualified child care expenditures. Qualified expenses include the operation of child care facilities or contracting with child care centers or resource and referral agencies to provide services to employees, and also include such operating costs as the training of child care employees, scholarship programs, and increased compensation to employees with higher levels of child care training.	
S. 130 **Snowe (R-ME)** *introduced 1/19/99*	----	----	----	----	Makes the DCTC refundable. Incomes of less than $15,000 - 50% credit. Above $15,000 - credit reduced by one percentage point for each $1,000 above $15,000 (but not below 20%)	----	Includes provisions for respite care.

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
S. 316 **Kennedy (D-MA)** *introduced 1/27/99* Co-Sponsors: Kerry (D-MA) Mikulski (D-MD) Wellstone (D-MN) **H.R. 489** **Slaughter (D-NY)** *introduced 2/2/99* Co-Sponsors: Ackerman (D-NY) Baldacci (D-ME) Bonior (D-MI) Brady, R. (D-PA) Brown, G (D-CA) Capuano (D-MA) Carson (D-IN) Clay (D-MO) Clayton (D-NC) Davis, D. (D-IL) DeFazio (D-OR) DeLauro (D-CT) Dixon (D-CA) Faleomavega (D-AS) Farr (D-CA) Filner (D-CA) Forbes (R-NY) Ford (D-TN) Frank (D-MA) Frost (D-TX) Hinchey (D-NY) Hinojosa (D-TX) Hooley (D-OR) Jones, S. (D-OH) Kilpatrick (D-MI) Kucinich (D-OH) Lampson (D-TX)	Authorizes approximately $7.25 billion over 5 years. Additional Co-Sponsors: Lantos (D-CA) Lee (D-CA) Lewis, J. (D-GA) Lofgren (D-CA) McGovern (D-MA) Maloney, C. (D-NY) Markey (D-MA) Martinez (D-CA) Matsui (D-CA) Meehan (D-MA) Miller (D-CA) Mink (D-HI) Nadler (D-NY) Norton (D-DC) Olver (D-MA) Pelosi (D-CA) Rahall (D-WV) Rodriguez (D-TX) Rush (D-IL) Sanders (I-VT) Sandlin (D-TX) Schakowsky (D-IL) Sherman (D-CA) Stark (D-CA) Underwood (D-GU) Vento (D-MN) Waxman (D-CA)	—	—	Expands the 21st Century Learning Center Program by authorizing $600 million for FY 2000 and such sums as may be necessary for each fiscal year thereafter. Expands the CCDBG by $3 billion over 5 years to increase the availability and affordability of quality before- and after-school child care, and summer and weekend activities for school age children to promote good health and academic achievement and to help avoid high risk behavior.	—	—	Authorizes funds through the Juvenile Justice and Delinquency Prevention Act of $250,000,000 for each of FYs 2000 through 2004, to be used for after school prevention programs rather than strictly enforcement programs. Total of $1.25 billion over 5 years.

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
H.R. 469 **Lazio (R-NY)** *introduced 2/2/99* <u>Co-Sponsors:</u> Barcia (D-MI) Gilman (R-NY) Horn (R-CA) Shows (R-MS)	—	—	—	Provides penalties for child care providers who knowingly make any false representation regarding the care, the provider, or an employee to a parent considering the placement of a child in the care of that provider, or to a law enforcement officer, thereby placing a child's safety or health at substantial risk. Penalties shall be a fine, not more than one year in prison, or both. Also provides penalties for child care providers who recklessly cause serious bodily injury. Penalties shall be a fine, not more than three years in prison, or both.	—	—	—
H.R. 756 **Wolf (R-VA)** *introduced 2/11/99* <u>Co-Sponsors:</u> Bryant (R-TN) Chambliss (R-GA) Hostettler (R-IN) King (R-NY) Manzullo (R-IL) Paul (R-TX) Pryce (R-OH) Shows (D-MS) Weldon, D. (R-FL)	----	----	----	----	Increases the child tax credit from $500 to $1,000 for qualifying children under the age of 5. Allows such credit against the alternative minimum tax.	----	----

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
H.R. 846 **Weygand (D-RI)** *introduced 2/24/99* <u>Co-Sponsors:</u> McDermott (D-WA) McGovern (D-MA) Neal (D-MA) Sandlin (D-TX) Schakowsky (D-IL) Shows (D-MS) Waters (D-CA)	$250 million over 5 years	----	Authorizes $50 million for each of FYs 2000 through 2004 for the creation of a Child Care Provider Scholarship Fund. Grants are made through the States to qualifying educational institutions. Scholarship recipients must be child care workers who are either employed by a licensed or registered child care provider or who have a commitment from such a provider for employment, and must make a written commitment to stay employed in the field for at least a year after receiving training. Maximum annual scholarship amount is $1,500 per recipient.	----	----	----	----
H.R. 847 **Weygand (D-RI)** *introduced 2/24/99* <u>Co-Sponsors:</u> Brown, C. (D-FL) Lofgren (D-CA) Sandlin (D-TX) Shows (D-MS)	----	----	----	----	Makes the DCTC refundable. Incomes of less than $18,000 eligible for 30% credit. Credit reduced by one percentage point for each $3,000 above $18,000 (but not below 12%). Increases limit of employment related expenses to $4,000 for one qualifying individual, $8,000 for two or more.	----	----

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
H.R. 963 **Pryce (R-OH)** *introduced 3/3/99* Co-Sponsors: Bereuter (R-NE) Clayton (D-NC) Clement (D-TN) Cummings (D-MD) DeFazio (D-OR) Degette (D-CO) Forbes (R-NY) Frost (D-TX) Granger (R-TX) Hinchey (D-NY) Jones, S. (D-OH) Kelly (R-NY) King (R-NY) LaTourette (R-OH) Lofgren (D-CA) Meeks (D-NY) Myrick (R-NC) Norton (D-DC) Paul (R-TX) Roemer (D-IN) Sandlin (D-TX) Shows (D-MS) Vento (D-MN) Walsh (R-NY)	----	----	----	----	----	Provides employers with a federal tax credit equal to 50% of the employer's expenditures for child care services provided on-site or adjacent to the business premises and operated for the employees' children.	----

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
S. 599 **Chafee (R-RI)** *introduced 3/11/99* <u>Co-Sponsors:</u> Cochran (R-MS) Collins (R-ME) Hatch (R-UT) Roberts (R-KS) Specter (R-PA) Snowe (R-ME)	----	Provides an additional $5 billion in discretionary funding over 5 years, doubling the discretionary authorization for CCDBG.	Authorizes $50 million for each of FYs 2002 through 2004 to increase parents' access to information and to provide technological assistance to child care providers and workers to improve quality of child care. Funds could be used to collect and disseminate information, and for grants to organizations to develop and operate training infrastructure. Requires states to improve inspections and enforce existing state health and safety standards. Provides incentives to states that inspect facilities, as required under state law, and penalizes states that fail to meet inspection minimums. Mandates that federal child care centers comply with state and local licensing requirements.	Requires the GAO to issue a report no later than 6 months after the date of enactment on whether and the extent to which concerns regarding potential legal liability exposure inhibit the availability and affordability of child care. The report shall address whether such concerns prevent: employers from establishing on- or near-site child care for their employees; schools or community centers from allowing their facilities to be used for on-site child care; and individuals from providing professional, licensed child care in their homes.	Incomes of less than $30,000 – credit increased to 50%. Credit reduced by 1% for each $1,500 earned over $30,000. Eligibility is capped at $105,000. Extends eligibility of DCTC to stay-at-home parents with children under the age of 4.	Similar to President's proposal but credit covers 20% of expenses (maximum credit of $100,000/year). Includes a demonstration project which authorizes $60 million over FYs 2000 -2002 in competitive grants to encourage small businesses to develop child care programs for their employees. Promotes greater availability of the Dependent Care Assistance Program (DCAP).	----

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
H.R. 1119 **Cardin (D-MD)** *introduced 3/16/99* <u>Co-Sponsors:</u> Coyne (D-PA) Doggett (D-TX) Jefferson (D-LA) Levin (D-MI) Lewis, J. (D-GA) Matsui (D-CA) Rangel (D-NY) Stark (D-CA)	----	Provides an additional $7.5 billion in mandatory funding over 5 years through the CCDBG. Requires that not less than 70% of these new funds be used for assistance to working, low-income families who are not on welfare.	Establishes a new Early Learning Fund -- $3 billion over 5 years -- which provides challenge grants to communities (distributed to states) to support programs that promote early learning and the quality and safety of child care for children ages zero to five. Funds may be used for a variety of activities.	----	Incomes of less than $30,000 --credit increased to 50%. Above $30,000 -- credit reduced by one percentage point for each $1,000 above $30,000 (but not below 20%). Allows stay-at-home parents with children under age one to claim a portion of the DCTC, based upon imputed expenses of $125/month. Prevents the Alternative Minimum Tax from reducing the DCTC.	$500 million over 5 years to provide 25% employer tax credits (up to $150,000/year) for qualified child care expenses. Expenses include the acquisition, construction, or rehabilitation of child care facilities; operation of facilities including costs related to employee training, scholarships, and increased compensation for employers with higher training; contracting with child care centers or resource and referral agencies to provide services to employees; and costs of accreditation.	----

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
H.R. 1139 **Tauscher (D-CA)** *introduced 3/16/99* <u>Co-Sponsors:</u> Ackerman (D-NY) Allen (D-ME) Andrews (D-NJ) Baldacci (D-ME) Barrett (D-WI) Berkely (D-NV) Berman (D-CA) Bonior (D-MI) Borski (D-PA) Boswell (D-IA) Boucher (D-VA) Brady (D-PA) Brown, C. (D-FL) Brown, G. (D-CA) Brown, S. (D-OH) Capps (D-CA) Cardin (D-MD) Carson (D-IN) Christensen (D-VI) Clay (D-MO) Clayton (D-NC) Clement (D-TN) Conyers (D-MI) Costello (D-IL) Crowley (D-NY) Cummings (D-MD) DeFazio (D-OR) Delahunt (D-MA) DeLauro (D-CT) Dicks (D-WA) Dingell (D-MI) Dixon (D-CA)	$24.6 B over 5 years <u>Additional Co-Sponsors:</u> Engel (D-NY) Eshoo (D-CA) Farr (D-CA) Filner (D-CA) Frost (D-TX) Gejdenson (D-CT) Gephardt (D-MO) Green (D-TX) Hastings (D-FL) Hinchey (D-NY) Hoyer (D-MD) Jackson-Lee (D-TX) Jefferson (D-LA) Johnson, E.B.(D-TX) Kanjorski (D-PA) Kaptur (D-OH) Kennedy (D-MA) Kildee (D-MI) Kilpatrick (D-MI) LaFalce (D-NY) Lampson (D-TX) Lantos (D-CA) Lewis, J. (D-GA) Lofgren (D-CA) Maloney (D-NY) Matsui (D-CA) McGovern (D-MA) McNulty (D-NY) Menendez (D-NJ) Millender-McDonald Miller, G. (D-CA) Moran (D-VA) Neal (D-MA) Norton (D-DC) Oberstar (D-MN)	Provides an additional $7.5 billion in mandatory funding over 5 years through the CCDBG. Requires that not less than 70% of these new funds be used for assistance to working, low-income families who are not on welfare. <u>Additional Co-Sponsors:</u> Pallone (D-NJ) Payne (D-NJ) Pelosi (D-CA) Price (D-NC) Rahall (D-WV) Rangel (D-NY) Rodriguez (D-TX) Romero-Barcelo(PR) Roybal-Allard (CA) Rush (D-IL) Sanchez (D-CA) Sandlin (D-TX) Scott (D-VA) Serrano (D-NY) Sherman (D-CA) Shows (D-MS) Slaughter (D-NY) Stabenow (D-MI) Thurman (D-FL) Vento (D-MN) Waxman (D-CA) Wexler (D-FL) Weygand (D-RI) Woolsey (D-CA) Wynn (D-MD)	Establishes a new Model States Early Learning Fund - $3 billion over 5 years - to provide challenge grants to qualified states to support programs to improve early learning and the quality and safety of child care for children ages 0 - 5. Funds may be used for a variety of activities. Authorizes $150 million over 5 years for child care research and development projects. Authorizes $250 million over 5 years to create a child care provider scholarship program. Recipients must be employed by or have a commitment of employment from a licensed or registered child care provider, and must agree to stay employed in the child care field for at least one year after training.	Provides $3 billion over 5 years to expand the 21st Century Community Learning Center Program to provide funds to school-community partnerships to establish or expand programs for school-age children, providing after-school care for 500,000 children per year. Authorizes HUD to insure mortgages for the acquisition, construction, or rehabilitation of child care and development facilities. Establishes the Children's Development Commission which shall issue facility standards and compliance certifications, and shall make loans not in excess of $50,000 for facility rehabilitation or renovation.	Incomes of less than $30,000 –credit increased to 50%, phasing down to 20% for incomes of more than $60,000. Allows stay-at-home parents with children under age one to claim a portion of the DCTC, based upon imputed expenses of $125/month. Prevents the Alternative Minimum Tax from reducing the DCTC.	$500 million over 5 years to provide 25% employer tax credits (up to $150,000/year) for qualified child care expenses. Expenses include the acquisition, construction, or rehabilitation of child care facilities; operation of facilities including costs related to employee training, scholarships, and increased compensation for employers with higher training; contracting with child care centers or resource and referral agencies to provide services to employees; and costs of accreditation. Authorizes $75 million over 5 years for grants through the States to business consortia to improve access to affordable, local, quality child care services by starting child care centers. The consortium must be no fewer than five businesses and must match $2 for every $1 of Federal funds and $1 of State funds. Small businesses have priority.	----

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release April 23, 1998

REMARKS BY THE PRESIDENT
ON CHILD CARE

The Rose Garden

10:20 A.M. EDT

THE PRESIDENT: Thank you. Ladies and gentlemen, Hillary and I are delighted to have all of you here. We thank Mr. Tobias for his work and the power of his example. I thank Secretary Shalala and Secretary Herman for their extraordinary work, and Secretary Rubin, in his absence. And I note the presence here by SBA Director Aida Alvarez, and our OMB Director, Frank Raines, in the back. I thank the members of Congress who are here -- Representatives Lois Capps, Rosa DeLauro, Sheila Jackson Lee, Sandy Levin, Patsy Mink, Tim Romer, Ellen Tauscher, Lynn Woolsey, and Steny Hoyer.

There are many other members of Congress who are supporting this child care initiative --two who are not here, three that I think I should mention are Senators Dodd, Jeffords, and Kohl, along with Senator Specter who have given real bipartisan leadership to the child care initiative in the Senate.

Let me also say I'm delighted to see all the children here today. I like Take Our Daughters To Work Day. As Representative Capps pointed out, since her daughter works in the White House, she came to work with her daughter today instead of the other way around. (Laughter.) But, for the rest of you, I like this day.

When my daughter started pre-school, and she was asked what her father did, she said that he works at McDonald's. (Laughter.) So I decided I better take her to work with me, even though I realized it would result in a diminution of my status in her eyes. (Laughter.) So then, by the time she went to kindergarten, she had actually been to work with me, and they asked her what I did for a living and she said, "Well, he drinks coffee, makes speeches and talks on the telephone." (Laughter.) (Laughter.) So I'm delighted that all the children are here.

The idea of merging work and family is embodied in Take Our Daughters To Work Day. There's also another important idea embodied in it, which is that we want our daughters to believe, along with our sons, that they can aspire to do whatever it is they want to do, whatever they're willing to do, whatever they're prepared to make the effort to do. Now, if you want that to be a reality, we have to make a commitment to give all of our children the best possible childhoods. That's really what all this is about.

Last year Hillary and I sponsored two conferences that many of our administration people helped on and many of you participated -- one on child care and the other one on early childhood and the brain. Now, what they showed is what all of you already know, but what is still not widely accepted by decision-makers in our society. They showed, first of all, that the early years are profoundly important and that an even greater percentage of a child's learning capacity and intellectual infrastructure is built

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up in those very early years. And they showed what we in the child care conference, what we've all been here to say today, that people are worried about whether they can find child care, whether they can afford it, and whether it will be good child care.

We've been very fortunate in our country in the last few years, and I know we're all grateful to have the best economy in a generation and the lowest welfare rolls in 30 years and the lowest crime rates in a generation. But if we really want Americans to succeed over the long run we have to allow every family the opportunity to succeed at home and at work. It is the most fundamental decision we have to make. There is no more important job in a society than raising children well. Nothing even compares with it. In the end, if you fail at that job, all the other jobs will, by definition, fail.

Therefore, there is virtually nothing worse you can do to a parent than to put a parent in the position of basically just being knotted up every day, worrying about whether he or she has fulfilled the responsibilities to the child. How can you be at work worrying about your kids, and if you have to leave work to take care of your kids, except in emergency situations or for appropriate events -- there's a sacrifice there.

One of the reasons the business community is interested in this is that enlightened business leaders understand that, actually, if you permit people to do the right thing by their children you wind up having a happier, more upbeat, more affirmative, more positive business environment, and ultimately the business enterprise will be more successful because the workers are also successful at home. That's what this whole business is about, taking care of their children and not asking their parents to choose between being good parents and good workers. It all comes down to that.

The private sector obviously can and should do more. We should have more companies that are willing to follow the example of these fine leaders who are here and who have been acknowledged. The Treasury working group that Secretary Rubin has led has done a very important job in participating in and presenting this report to me, and I am glad to receive it.

I'm also releasing a report today that Secretary Herman has provided that highlights other family-friendly businesses, giving them sort of an honor roll status. I think it's well-deserved, and I hope that the work the Labor Department will now do in serving as a clearinghouse for companies interested in child care and setting up mentoring programs between businesses on child care will get more and more private sector folks involved. Secretary Shalala pointed out that in the welfare reform bill -- the one we finally got -- we fought like crazy to get $4 billion in child care for states. But, believe it or not, there's still a lot of demand out there that's not being met, in state after state after state.

Hillary said before we came out of the Oval Office this morning that everybody talks about how important child care is, but if you look at higher education -- and this may be hard for some of you to believe if you have staggering tuition bills, but still, nationwide, families directly pay only about 25 percent of the costs of their children's move through college.

No one questions that we have the best system of higher education in the world. No one questions that it's not only been good to let our children live out their dreams, but it's also been very, very good for the American economy. By contrast, with child care, the average family, at an earlier age with a lower income, just getting started out in the work force with young children, on the whole, pays over 60 percent of a cost out of pocket.

MORE

So I would suggest to you that we basically have a choice to make here. I have put a proposal before Congress that deals with affordability, accessibility, the training of the workers, the quality of the child care. But the fundamental question is not so much over the specifics of our proposal, but whether the national government has a responsibility to do more. And we have a fundamental choice: Do you believe that the early years are as important as all the evidence says? Do you believe that we could hardly do anything better for America's families than to relieve them of the burden of being terribly worried about their children while they're at work? In other words, do you believe that this should be an urgent priority for America?

That is the decision every member of Congress should make. And this year, we shouldn't slide by it. Everybody should just stand up and say, yes, or no -- because the budget is going to be in balance, we have the money to make a major step forward. (Applause.)

Now, there's a highway bill making its way through Congress, and I support a good highway bill. I presented a good highway bill that would have significant increase in our infrastructure. But I hope that as Congress continues to consider this and determine how much money should be put in it, they will remember some other things. We've got to build a lot of highways -- or bridges, if you will -- to the 21st century. We have to have a road that will make Social Security strong in the 21st century. We have to have a road that will make our children's environment better in the 21st century. We have to have a road that will guarantee universal high-quality, high-standards education in the 21st century.

I think we have to have a road that will guarantee that people will not have to choose between being good parents and good children, and that we will act on the overwhelming weight of the evidence about the importance of the earliest years in the child's life.

Now, there are choices to be made, and it is wrong to pretend that there are no choices here. We now have the opportunity because of the good fortune that we enjoy as a people, because of the solvency of the budget, to take a major step forward in child care; to build that part of our national infrastructure. You look around at all these children today, and at their parents beaming about them -- I don't really believe that any part of our infrastructure is more important than they are.

Thank you very much. (Applause.)

Q Mr. President, do you propose tax cuts for mothers who want to stay home?

THE PRESIDENT: I'm glad you didn't stay home today, Sam. (Laughter.)

Q What do you think of the idea of tax cuts for a stay-at-home mom?

THE PRESIDENT: Well, we need to get into a negotiation. We need to get started talking seriously about what we're going to do.

Q Would you be open to it?

THE PRESIDENT: I'll be happy to talk to them, but we've got to -- are we going to make a serious effort here? We need to have a discussion about it.

Q So you are willing to negotiate, then?

MORE

THE PRESIDENT: I'm willing to negotiate with anybody who wants to help people raise their children better so that people can succeed at home and at work. It's not an either-or deal. That's why we had the $500 tax credit last time, children's tax credit, because we wanted to help all parents. We're not against helping all parents. But the question is, most parents are in the work force and we have to do something serious about it. We have to decide, are we going to do it, or not.

Q Children's advocates, Mr. President -- children's advocates --

Q What do you think of McDougal testifying today?

Q Did the French betray the effort in Bosnia to bring Karadzic --

Q Mr. President, did the French soldiers prevent Mr. Karadzic from being arrested?

END 11:00 A.M. EDT

THE WHITE HOUSE

BRUCE REED

Office of the Press Secretary

DOMESTIC POLICY COUNCIL

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PRESS RELEASE

PRESS BRIEFING BY MIKE MCCURRY
AND JENNIFER KLEIN,
SPECIAL ASSISTANT TO THE PRESIDENT FOR DOMESTIC POLICY

The Briefing Room

1:45 P.M. EDT

MS. KLEIN: Hello. Today the President called on Congress to take action on child care legislation. He also released two reports highlighting private sector efforts to provide child care assistance to workers.

The first was the Treasury working group report. The Department of Treasury was asked to run this working group when the President held the White House Conference on Child Care, you may remember, exactly six months ago today, on October 23. And they met this morning with the First Lady and Erskine Bowles and released their report -- or presented their report to the President.

The report discusses the challenges facing working parents and the economic impact of child care, and highlights good private sector efforts across the country.

Just to run down a little bit on their findings: In terms of families, in 1996, 51 million working Americans, representing 38 percent of the labor force, had children under the age of 18. Child care is a serious financial burden for families, costing an average of about $4,000 annually, and representing more than a quarter of household income for low-income families.

In terms of the economy, the report focused on effects on productivity. They found that child care problems can have a significant impact on productivity; in fact, a recent study found that more than one in four employed parents with children under the age of 13 had experienced a problem with their usual child care arrangements in the previous three months.

Then they looked at benefits to businesses and found that many businesses find that the advantages of child care programs and workplace flexibility are not only felt by employees, which we all know, but by the company's bottom line as well, through increased productivity, reduced absenteeism, better morale, easier recruitment, and lower turnover.

They reported on a new families and work institute's survey, which was included in the report that shows that for many companies, the benefits of providing child care programs outweigh the costs or our cost-neutral. The report then goes on to highlight significant best practices across the country, from on-site child care to back-up child care to resource and referral networks -- the full range of activities that businesses are doing.

The President also released a Department of Labor report documenting model business practices. This report was drawn largely from the Women's Bureau Honor Roll companies. As you probably remember, the President called on the Department of Labor in 1993 to

MORE

create the Honor Roll from those companies that are doing good things. The Department of Labor culled 40 or so companies that are doing particularly good things on child care, and then took the next step by announcing the launch of a new Department of Labor initiative so that the Department will serve as a clearinghouse and set up business-to-business mentoring in order to use the resources of the companies that they found are doing good things and to increase private sector involvement in child care.

However, only one percent of revenues for child care and early education come from the private sector. And as the President noted this morning, families are struggling more than ever to pay for child care, and states are not able to meet the demand for affordable care. Today's event is designed to point out, first and foremost, what is good that's in the private sector that's happening across the country and to spur further action on the part of the private sector, but also to indicate that businesses cannot do it alone.

As you know, as part of his balanced budget request, the President called for investments in child care to help working families pay for child care through the child care and development block grant as well as through tax cuts to give tax credits to businesses, to encourage their involvement, to improve the safety and quality of child care, to promote early learning, and to build the supply of after-school programs.

Many of the bills currently on the Hill reflect the President's priorities and they're important champions on the Hill of this issue. We were particularly pleased several weeks ago when the bipartisan women's caucus sent a letter to Speaker Gingrich urging that Congress take action this year on child care. But Congress isn't moving, and this morning I think you heard that the President made very clear his view that Congress should pass child care legislation this year.

Q The President noted this morning that parents pay a lot more proportionately of the total burden of child care costs than they do of college costs. Over the last few years he's sought a lot more assistance for college education than he has for child care. Does that mean his own priorities have been a little bit backward and he's rethinking them now?

MS. KLEIN: No, I think he has -- if you look at our record on child care, he has been building towards increasing investment in child care. For example, in the welfare reform bill, we fought for $4 billion to help states pay -- help families pay for child care. And we've sort of built a record of that, and I think the $21.7 billion that he put on the table this year is a significant indication of his priority.

Q How much of the $21 billion is dependent on the tobacco legislation?

MS. KLEIN: About a third of it -- $7.5 billion.

Q And what happens if you don't get the tobacco legislation?

MS. KLEIN: First of all, we think we're going to get the tobacco legislation. And if we -- the President is committed to doing this child care stuff; he'll look for other offsets, if that's not possible.

Q What did you say -- he'd look for what?

MS. KLEIN: Other offsets.

Q Can you expound on that a little bit? I don't understand what you're saying.

MS. KLEIN: Well, obviously, everything has to be paid for in the budget, and the $7.5 billion that we've invested or proposed to invest in the child care and development block grant would have to be paid for in another way.

Q But you don't know how that would happen?

MS. KLEIN: As the President puts his budget together and it works its way through Congress, there's obviously a lot of give-and-take about what the spending proposals are and where the spending comes from. We paid for it in our budget, and so we haven't announced any other offsets.

Q What's your thinking about why this proposal appears to be going nowhere on the Hill this year? Do you write it off to the politics of this year or what?

MS. KLEIN: I think a lot of it has to do with politics, but I also think that there's still time left. I mean, we're urging them to take action because we still think action is possible. But I think those sort of back-and-forth that happens so far is in large part a political issue.

Q Are there competing proposals you think are more likely?

MS. KLEIN: I think there are a number of proposals on the Hill that both the President feels strongly about and others feel strongly about, and it's just a matter of balancing them. And I think you heard him say this morning, we need to think about it as we understand the importance of the early years and we understand the importance of child care, where you want to place those investments.

Q Could you take a crack at the question the President begged off on this morning about whether there should be some sort of tax break for people who stay at home?

MS. KLEIN: Yes, actually, I think he later answered it, but what he said, basically, is that we are willing to talk about it, but we need to talk about something. And we need to actually see Congress moving on this, and that it's not an either-or.

When you look at, first of all, his record on this, he's taken significant steps to help families and that helps, obviously, families who want to stay at home. I think the most obvious is the $500-per-child tax credit. But if you look at the earned income tax credit and the minimum wage and others, he's built a record of putting more money in the pockets of families. And the other point that he made was that all of that is true and is said and, on the other hand, working families are still really struggling and child care is an important piece of that.

Q You all don't seriously believe that the country could afford anything like a tax cut or credit that would offset the cost of child care, do you?

MS. KLEIN: We're sort of in the same place. We've heard of the proposals that are on the Hill, we are evaluating proposals that are on the Hill, but your point is exactly right -- they don't offset the costs of staying home to take care of your child. All of the proposals that are up there to help stay-at-home parents are more money in the pockets of parents, an additional tax credit, but they can't offset the cost of an entire salary.

Q Thank you.

MR. MCCURRY: What do you want to do first? Today is the 30th anniversary of the Fair Housing Act. Did you know that? You didn't know that.

Q We want to do Henry Waxman and Dan Burton.

MR. MCCURRY: Let's do other subjects first. The U.S. Housing and Urban Development Department, in cooperation with the President's Initiative on Race, has today held a roundtable discussion at Rutgers University School of Law in Newark, to commemorate the 30th anniversary of the Fair Housing Act. I call that to your attention in case you want to call our Race Initiative folks and get anything more on that.

I'll do a quick readout on the President's meeting with President Niyazov of Turkmenistan. As I told you earlier today, the conversation focused on human rights, the need for political and economic reform, and Caspian energy issues, as well as regional issues. U.S. concerns over human rights and reform figured very prominently in President Clinton's presentation, and will also in the conversation that the Vice President is having now with President Niyazov.

We have been encouraged by some actions the government of Turkmenistan has taken, but we emphasize the importance of continuing the path of both political and economic reform as well as respect for individual rights. The President and the Vice President stressed the swift implementation of political and economic reform are essential for Turkmenistan's sovereignty and prosperity. Both Presidents talked about the importance of working together towards a multiparty system and free and fair elections in 1998 and 2002.

We hope that Turkmenistan will continue to improve the human rights situation following this visit, which was important to President Niyazov. We hope that they will continue to live up to the commitments they've made to the United States government in the past.

The two Presidents agreed on the importance of developing Turkmenistan's energy resources, including the trans-Caspian transit corridor, to bring the significant oil and gas resources of that region to market.

In a short while, the Vice President is going to witness President Niyazov's signing of a trans-Caspian pipeline feasibility study that will be undertaken with the U.S. Trade and Development Agency, and we do have a press release from TDA on that if you're interested.

Caspian energy development is vital to the economic future of the region, the President told President Niyazov, and we will continue to work with Turkmenistan on the development of Caspian energy and ways to bring those resources to market.

The Vice President will have more to say when you see him in a short while.

Q Can you outline some of the energy deals that are being signed by the President of Turkmenistan, specifically with Mobil, Exxon, Haliburton?

MR. MCCURRY: Yes. Well, I can tell you what I have on that. I think we'll have some additional information that will be available following the Vice President's event, but the following documents were to be signed today or will be signed in the ceremony coming up: first, the feasibility study that I mentioned for a trans-Caspian pipeline; a bilateral energy dialogue that the U.S. Department of Energy will undertake presumably with the relevant energy ministry from the government of Turkmenistan; a scientific and technical cooperation memorandum of understanding with the Department of Agricultural; a joint statement on security relations with the Department of Defense. These are all following on the other significant meetings that President Niyazov has had during his stay here. A financing --

Q Whose joint security?

MR. MCCURRY: It's a joint statement on security relations. Do we have military-to-military with them?

COLONEL CROWLEY: Just helping with their sovereignty and to guarantee their sovereignty and independence.

Q We are guaranteeing their sovereignty?

MR. MCCURRY: Given Turkmenistan's significant position in the region, and given its historical associations with the government of Russia, we have a keen interest in the role that they play with respect to regional economic security, and there have been some military cooperation programs. I think DOD can tell you more about those.

Q Is that correct, are we guaranteeing their --

MR. MCCURRY: No, no, no. This is not a security guarantee, this is a joint statement on security aspects of our bilateral relationship.

A joint technical exploration study with Exxon will be signed, as well a production sharing agreement between the government of Turkmenistan, Mobile and Monument Oil; and a cooperation agreement on oilfield services with Haliburton. That's the information I've got, and we can see if we can get some more detail on those specific agreements if you're interested.

Q How did President Niyazov respond to these concerns about human rights and political reform?

MR. MCCURRY: I think he well understands the importance we attach to political reform and economic reform. He knows that that will continue to be a feature of the bilateral relationship that we stress. I think he will leave Washington understanding the importance that President Clinton and the United States government attaches to that issue. We certainly hope that will lead to certain changes and certain progress towards respect for individual human rights in Turkmenistan in the future.

Q Well, this 90-day --

Q -- pledges about releasing political prisoners --

MR. MCCURRY: We had a good discussion. I think it would be more appropriate for the President to address that himself, as I believe he plans to do later -- President Niyazov.

Q Besides the commitments that you say Niyazov has made, does President Clinton feel that there has been any improvement?

MR. MCCURRY: There have been some signs of progress, but certainly we would hope to see more. And that's one of the reasons why --

Q What were the signs?

MR. MCCURRY: There's been some release of political prisoners in recent weeks. But we would hope to see much more of that, as well as movement towards strengthening democratic institutions, the holding of free and fair elections being foremost on that list.

Q What is the U.S. position on Turkmenistan cooperation with Iran? Because Turkmenistan is going to export its gas to Turkey through Iran.

MR. MCCURRY: Well, we have expressed on numerous occasions our concerns about Turkmenistan's relationship with Iran, and our concerns about the nature of that regime. We have examined closely some of the proposals for energy cooperation, and examined whether or not the question of sanctions are applicable under the Iran-Libya sanctions act. The U.S. domestic law that governs those sanctions have not been held in place because of the way in which various conversations have been structured, but one of the reasons why President Clinton put such a stress on a Western -- East-West route for a trans-Caspian pipeline is precisely because we think it's important for energy resource development in the Caspian region to occur in a way that is both safe and secure, and it also encourages further commercial and economic cooperation with Western democracies.

Q In view of Henry Waxman's public threat to consider action to try to remove Dan Burton as Chairman of that committee, or otherwise censure him in the House because of Burton's slur on the President, what is the President's view of the slur on him and of what Waxman may do?

MR. MCCURRY: I think the President has elected not to be overly preoccupied with that and has elected instead to work on the kinds of things that the American people expect him to be focused on. We can well understand the concern that was expressed on Capitol Hill about that remark, but the President elects to stay focused on what he thinks are his priorities and the American people's priorities.

Q Well, what does he think, though, about the use of that kind of language from one public figure toward another?

MR. MCCURRY: He chooses to ignore it.

Q Mike, what are the President's thoughts about McDougal being called again before the grand jury and refusing to testify?

MR. MCCURRY: He's electing not to share any thoughts on that.

Q I think Iraq today submitted a formal letter to the U.N. calling for the lifting of the embargo, and this letter will require a response from the U.N. to Iraq. What is the U.S.'s position on this?

MR. MCCURRY: Well, we participate in the periodic review of Iraqi sanctions that occurs within the Security Council, and our views with respect to that process are well known. We have seen insufficient grounds to lift all of the U.N. Security Council Resolution 687 sanctions that are in place. There needs to be further compliance by the government of Iraq with a whole host of post-Gulf War requirements that have been placed upon Iraq by the international community.

Q Mike, earlier today you responded to Mr. Burton's comment with a rather jocular retort. I wonder if, however -- (laughter) -- I wonder if this is something that --

MR. MCCURRY: You mean the line I borrowed from Lockhart?

Q The line you borrowed from Lockhart, which you would repeat for us, if you would.

Q What was it that you said? I don't recall.

Q -- in my question, in deference to daughters here and all of that.

MR. MCCURRY: I suggested that Chairman Burton's use of a two-syllable vulgarity was rather ambitious.

Q Meaning that he's not smart enough to figure out --

Q In retrospect, though, is this something that we can still brush aside, or is this a more serious matter?

MR. MCCURRY: Look, it is a serious matter. And one of the hallmarks of American democracy, one of the things that -- one of the reasons why we stressed the importance of democracy when we met with the President of Turkmenistan today is because we cherish it. And one of the things we cherish about our democracy is that you have the right to be as bizarre as you want to be. And Chairman Burton is providing ample evidence of the importance and the strength of that democratic institution.

Q "Bizarre," that's a mild word, though. Again, this is a --

Q Yeah, you can do better than that. (Laughter.)

MR. MCCURRY: That's sufficient. I think there has been plenty of --

Q I have heard a lot of name-calling in Washington, but this is -- I haven't heard people call this kind of name.

MR. MCCURRY: There has been plenty of discussion of that issue on the Hill today.

Q Speaking of name-calling, have the French betrayed the U.S. administration in the matter of the arrest of Karadzic?

MR. MCCURRY: No.

Q Mike, Louis Fox has said -- no leaks; he himself has said -- that when he let Monica Lewinsky into the Oval Office, the President told him to close the door, she'll be here awhile, and that all the other doors to the office at that time were alarmed so no one else could go in and out. Given that people like James Carville have suggested those doors weren't alarmed, can you clarify for us whether they are, or not?

MR. MCCURRY: I can't clarify anything about the circumstances of whatever he testified to in front of the grand jury. I don't have any reason to dispute it, but I don't have any reason to -- any information upon which to confirm or deny it.

Q When you say there was no French betrayal, what are you saying? It was a rogue incident with a French military officer?

MR. MCCURRY: The French -- if I understand correctly, the French Defense Ministry has issued a statement that I think provides some clarity to that. We value and appreciate the work we do with the government of France in Bosnia. They are an indispensable element of the deployment in Bosnia that is helping the people of Bosnia reconcile from the effects of civil war. And our close cooperation with our close ally, France, will continue in Bosnia.

Q You accept the French explanation that there were imply questionable ties with possible war criminals?

MR. MCCURRY: Well, they have said much more than that and have said things about the officer in question, and I think the government of France is in the best position to address it.

Q And do you think his reassignment to another post in Paris is sufficient?

MR. MCCURRY: I think that the government of France has addressed that in a manner that we consider sufficient.

Q Has the President taken this up directly with French officials?

MR. MCCURRY: Not to my knowledge, but there certainly has been diplomatic discussion about it.

Q On Deborah's question, it is a knowable fact whether or not the doors have alarms.

MR. MCCURRY: I'm not going to attempt to comment in one way or another about any matter that might be an aspect of an ongoing investigation that the Independent Counsel's office is pursuing.

Q There has been suggestions that the President not go to the White House Correspondents Dinner because of Paula Jones presence.

MR. MCCURRY: Why, or who's suggesting that?

Q Richard Cohen and others -- his column this morning.

MR. MCCURRY: I mean, you should ask your colleague, Mr. McQuillan, but she's not going as a guest of the association as far as I know.

Q No, no.

MR. MCCURRY: I haven't heard any discussion of that.

Q So you are saying there would be no reason why he would stay away because she's there.

MR. MCCURRY: He didn't indicate to me that he has any cause for concern about the fact that she will be there. He was more interested in the fact that Greg Norman was going to be there. (Laughter.) But since he's hurt his shoulder, or had his shoulder operation, that means they can't play golf.

Q Mike, but going back again -- it's not simply a question of whether it's knowable or not knowable that it's alarmed. It's also that White House allies were out there suggesting it wasn't alarmed. Now, was Carville --

MR. MCCURRY: I know I didn't do that. I'm not familiar with what Mr. Carville said.

Q Do you want us to get you transcripts?

MR. MCCURRY: I'm not interested in what Carville said. I'm interested in what we said here, and I know that we never suggested here that we knew anything about the specific circumstances that he may or may not have testified to.

Q Mike, Tom DeLay has moved to end the federal role in bilingual education. What does the President think of that?

MR. MCCURRY: I'll have to take that question and check on that, because we are doing some work on that and I forgot to get that.

Q We've seen a series of events this week where the President has sharpened partisan differences with the Republicans on the Hill on issues like education and child care. Does this indicate that you think progress is so slow on the Hill that the chances of getting action are low, so you might as well draw the --

MR. MCCURRY: To the contrary, because the ability to pass legislation that reflects the President's priorities is in part a political process. And part of what we are doing is generating what we think is the kind of political momentum with those who are supportive of the President's positions on the Hill to allow some of these things to move forward. We think that's true in the case of tobacco; we think it's true in the case of child care; we think it's true in the case of some of the President's important education initiatives. And we think that as the American people rally to some of the positions the President has expressed, that those who are in opposition in Congress will maybe see the message.

Certainly that just has happened with campaign finance reform, in which the House Republican leadership was forced to back down. So I think one of the things that we're doing is to, as we get deeper into this legislative session, is to begin to create a public debate that will help members of Congress do what we think is the right thing.

Q Well, Mike, it seems to have had the opposite effect on education. The Senate voted down all the things the President asked them to pass.

MR. MCCURRY: Well, that's right, but they've got a long ways from finishing that process, and I think that there still is a great deal of support for the kinds of initiatives the President has talked about, both with respect to putting more teachers in the classrooms, to modernize schools so that they can be equipped to be the kinds of places of learning that we need them to be in the 21st century. I think there's a great deal of support for the President's views on Capitol Hill, and as this process goes forward we're going to be continuing to build the kind of case that will generate, we hope, success in the end.

Q Can I follow up to Susan's question? Donna Shalala made a pretty explicit threat today -- she said, Congress better not go home without it, passing child care. Or else what?

MR. MCCURRY: Well, they will I think encounter the kind of folks who you saw in the Rose Garden today who are interested in seeing that kind of support available and who expect the Congress to take those kinds of actions on behalf of the American people.

Q Why at each of the events this week -- at the education event, at the environment event, at the child care event today -- the President makes a point of telling Congress that the money is there for it? Is he feeling particularly flushed because the prospect of budget surpluses?

MR. MCCURRY: No, he's just reminding them that that highway bill is awfully large, and that they ought to think about the priorities that they cast as they make critical spending and budget decisions. We've got enormous concern about how some of the spending priorities are developing on the Hill and that's why we need to press the case for some of these initiatives that are going to be important to the long-term success of efforts to improve education, improve the quality of our work force, the productivity of our work force. Those all require in some way or another the kinds of investments that the President often talks about.

He was talking about investments in the environment yesterday, and all of those remain for the President the way in which you successfully build the foundation of a strong, growing economy for the 21st century. But you have to do that with some sense of balance and some sense of priority. And that's what we're encouraging Congress to think about.

Q What if there's no revenue from the tobacco bill -- or tobacco deal?

MR. MCCURRY: We prefer to think at the moment that we're likely to achieve comprehensive tobacco legislation of which revenue for the kinds of programs the President has been talking about would be available.

Q Well, the tobacco bill in particular is in a state of some peril. And I wonder if there's something more the President is going to do to make sure it stays on track for action this year.

MR. MCCURRY: Well, I don't know that I agree that it's in some state of peril. They've got a peculiar situation where the House Republican leadership has elected to be outlyers in the process that's underway. But there is a great deal of work underway now to craft legislation that we think is going to get strong bipartisan support in both Houses. And that's the purpose of the President's drop-by with the meeting with Senator McCain yesterday. It certainly is true that Mr. Bowles in his meetings will be pressing ways in which we can move that forward. And there have been very good discussions about how we can take the tobacco legislation that came out of the Senate Commerce Committee, build on it, work on it and get it both through the Senate and then, ultimately, we believe, through the House.

Q But some advocates, including Senator McCain, think it would be helpful if, for instance, the President endorsed a particular bill, or convened a big high-profile White House meeting. Is the President going to do any of those things?

MR. MCCURRY: Senator McCain knows how closely we are working with him on aspects of the legislation that he heroically shepherded through the Commerce Committee. And I think there's -- when you get behind maybe some of the public dialogue, there's been a great deal of work and a great deal of progress on that legislation.

Q Mike, in the past few days, I think a couple of weeks ago, the state of Virginia executed a Paraguayan citizen. Yesterday the state of Arizona executed a Honduran citizen. In both cases, it seems like Convention of Geneva rules were violated because the embassies or consuls were not notified when these people were arrested. I know there was a petition of leniency from the Pope, from America's Watch, from Amnesty International. There's been a lot of hullabaloo about this overseas. What is the position of the White House?

MR. MCCURRY: Well, I think that you might even be more aware than I am, since I missed it when I was gone last week of some of the discussions the State Department has had with respect to that, and they have addressed that. I would need to go back and revisit some of the things that Secretary Albright and others worked on, but we believe that we have given consular representatives for those governments opportunities to be part of the process, as we would expect for U.S. citizens who are incarcerated abroad. And we would strongly deny that there had been any violation of international law with respect to those decisions.

Q One more on the White House dinner. Is there any chance the President might choose that opportunity to say something to mollify Paula Jones and perhaps end this whole thing? (Laughter.) That's a serious suggestion.

MR. MCCURRY: Can I take a serious question back here?

Q That's a serious question.

Q That's good. That's very good.

Q Mr. Burton's comments are just the latest example of conservatives on the Hill making very public comment and attack on the President in the context of the investigation. What does that say to you about the strategy of some up there in the context of this investigation?

MR. MCCURRY: Well, it only says to us that they seem to miss the point, that what the American people expect of their elected leaders in Washington is that they stay focused on the issues that matter most to the American people -- the state of our economy, the quality of lives that American citizens lead, whether we're going to have things like child care, which was the purpose of the President's event today, whether or not we're going to move ahead on all these things that are critical to this country in the 21st century.

And the President of the United States is going to keep his focus rock solid on those things that he was elected by the American people to do. And if some in Congress choose to put their focus elsewhere on other matters, that their business, but I think it's not the American people's business.

Q This morning you said you would have more to say about Congressman Shuster's proposal to make some concessions in return for putting the highway trust fund off budget. What's the President's reaction to that?

MR. MCCURRY: I've got a lot of words here that I can recite for you. They don't add up --

Q Any of meaning?

MR. MCCURRY: Not really, but -- (laughter). But I'll try anyhow. There are couple of good things to say. First, that it was very important that Congressman Shuster endorsed the federal standard of .08 on DUI. That was something that the President has felt strongly about. That's an important stand and it will protect Americans and potentially save hundreds of lives a year. Second, we oppose the earmarking of projects in specific bills, and we think that the Congress ought to allow all highway funds to be channeled through the traditional state planning process, which is available through state transportation departments, so that you can make appropriate trade-offs when you make decisions on investment.

That's been one of our concerns about the bill, and we've stated that often. And we think that with respect to that, Congressman Shuster is on the right track, and that is good news.

We do have serious reservations about the bill, principally because of the spending. It's $53 billion above the President's budget request, which itself was above spending levels that were initially set in the balanced budget agreement. We called for significant increases in transportation spending in the

President's balanced budget proposal for fiscal year 1999, and it's important for Congress to recognize that before they sap all of the energy and investment potential that's in the budget out of some of these other priorities the President addresses and place it only in surface transportation.

Q What about the --

MR. MCCURRY: The trust fund? You mean the --

Q He doesn't want the trust fund to be used to make the deficit seem smaller than it is.

MR. MCCURRY: I think that's an issue -- Barry, chime in if you want to -- but that is an issue -- the complexity of that issue changes because of the environment we're in now, one of the balanced budget and potential future surpluses. In the past, that question has always been tied up in how do you deal with federal budget deficits and there's some change in that now. But again, we kind of go back to the same fundamental principle, which is you've got to make prudent, careful, disciplined investments. You have to choose your priorities carefully. And with respect to money that creates a perceived surplus in the budget, it's important to have that available as you address long-term entitlement questions, specifically Social Security.

Q Are you saying that if the highway trust fund was put off budget, the budget would still be in balance?

MR. MCCURRY: I don't know. There's someone in the back who could help me with that, but you don't want to -- he's here with his daughter, so it's not fair to do that.

Q I mean, you're saying the budget is balanced and some of these funds are earmarked, and I'm asking you --

MR. MCCURRY: I don't know. Do you know the answer to that?

Q -- if you didn't use them to mask the size of the deficit --

MR. MCCURRY: We'll refer you to the Director of the OMB later in the day. (Laughter.) I think that does -- Barry is correct -- that depends on exactly how you calculate what the potential surplus will be in all that we've said so far, what the Director of OMB has said so far is there will likely be an excess of $18 billion dollars. But we haven't said how much.

Q Well, how big is the highway trust fund? Okay, so the surplus would be much smaller.

MR. MCCURRY: Well, we'll see.

Q Well, the Social Security fund is a huge one that masks the deficit.

MR. MCCURRY: Correct. That's correct. And the whole concept of whether or not the budget is unified is a complex one we'll save for another day.

Q Could you say something about the reaction of Iran and Russia about Niyazov visit to the White House?

MR. MCCURRY: Well, they have -- in part, some of the reaction has been predictable. But we are also aware the fact that Iran has from time to time -- portions of the leadership of Iran have said things that indicate a sense of their larger responsibilities in

MR. MCCURRY: Well, we really need to -- that's a source of very real concern to us and one of the reasons why we have been pressing hard for inclusion of that funding within the IMF facility -- or within the supplemental -- because what we're doing through the IMF with respect to the stabilization of regional economies in Asia is vitally important to hundreds of thousands, if not millions, of American families who are involved one way or another in commerce with the Asia region. And I think it is very short-sighted of Congress not to move forward on the type of resource availability for the borrowing arrangements that the international financial institutions need, including the IMF. And we have pressed very hard for them to make the necessary funding available.

Q Will you intervene -- will the President intervene with the IMF to encourage the kind of greater transparency that Republicans say is needed?

MR. MCCURRY: Well, we have strongly supported some of the reforms, some of the kinds of things for transparency and accessibility that have been argued. That have been the administration policy, and the IMF, itself, has been doing things with respect to that.

Q But they have been recalcitrant, right, with people demanding the release of these documents?

MR. MCCURRY: Well, I'd have to check on that. I don't know if we express any lack of satisfaction with some of the things they've done. They've done a great deal to meet some of the concerns that are legitimately expressed by some members of Congress. But that tends to look like it's just some excuse not to make the necessary commitment of funds, which we're going to have to do.

Q Mike, on Josh's question, it's always been your longstanding position from the podium that only the President can invoke executive privilege. There has been no change in that to your knowledge, right?

MR. MCCURRY: There's no change to that to my knowledge, but I am not sufficiently aware of what this litigation is about that I read about that involves the Secret Service and how that may or may not impact. I think it would be better for Jim Kennedy to talk to some of our lawyers and sort that out for you. I just don't know.

Q Mike, I'm still confused. Are you saying that Shalala's position initially was for funding a needle exchange, against funding, or undecided?

MR. MCCURRY: I think she was -- her position was developing as she tried to craft good policy options to be available for the White House. They clearly involve the decision that we made, they clearly involve some prospect for demonstration projects. But I don't think she, herself, was settled or decided on the matter going into the weekend, and certainly didn't got to work Monday morning confident that the decision had been made one way or another, because we told her it hadn't been.

Q Now I'm further confused on the privilege question. I thought you had said previously that White House lawyers were taking no role whatsoever in the Secret Service issue.

MR. MCCURRY: That's correct. All I am suggesting, James, is that I've read news articles that suggest to me that this may be some variant of executive privilege. I'm saying I don't know; I don't know whether that's true, or not. And what I said before about any role that we have taken with respect to that litigation is exactly as I told you that. We played no role in the deliberations and have not been a party in the deliberations between the Justice

Department and Treasury as they've dealt with whatever motions may or may not have been filed by the OIC.

Q Mike, how's that possible presidential news conference coming along?

MR. MCCURRY: It's coming along.

Q Maybe next week?

MR. MCCURRY: I don't have anything for you on that right now.

Q Thank you.

END 1:32 P.M. EDT

#491-04/23

Child care

Forgotten Issues

A Cost Squeeze In Child Care

Families Wonder Where the Aid Is

By Dale Russakoff A1
Washington Post Staff Writer

WOODBRIDGE, N.J.—Debra Harris, a single mother, just quit her $34,000-a-year job as an occupational therapist for the summer because she can't afford full-time care for her two children.

CAMPAIGN 2000

Kathy Popino, a receptionist, and her electrician husband have gone into debt to keep their toddler and 8-year-old in child care at the YMCA, after a bad experience with a lower-priced home caregiver.

Mary O'Mara, a computer network administrator, and her husband, a factory worker, have junked the conventional wisdom of "pay your mortgage first." They sometimes pay a late fee on their home loan to cover child care first, lest they lose coveted spaces in a center they trust.

Child care is in slow-motion crisis for middle-income families, and Middlesex County, N.J., is in the thick of it. With three of four mothers working outside the home—near the national average—this swath of suburbs dramatizes the cost to working families of the national political consensus that child care is a private, not public, responsibility.

For 30 years, politicians have promised to shift the burden for families in the middle, with little result. Vice President Gore recently called for tens of billions of dollars in spending and tax breaks over a decade to improve care from infancy through adolescence—a proposal advocates called impressive in its reach, but short on resources and details.

Texas Gov. George W. Bush has proposed initiatives only for the poor, saying working families can apply his proposed income tax cut to child care bills.

Would-be beneficiaries here had a feeling they'd heard this before.

"I was so hopeful when the Clintons came in," said Popino, 34. "I saw Hillary as a working mom's best friend. I remember she said, 'It takes a village.' Okay, it's been eight years. When are they going to get to my village?"

The politics of welfare reform has focused national attention and money on the vast child care needs of women in poverty, which remain unmet. And the economic boom is helping affluent families pay full-time nannies or the $800- to $1,000-a-month fees at new, high-quality centers.

But with a record 64 percent of mothers of preschoolers now employed, and day care ranked by the Census Bureau as the biggest expense of young families after food and housing, officials say middle-income families routinely are priced out of licensed centers and homes. The median income for families with two children is $45,500 annually, according to the Census Bureau.

"Basically, we have a market that isn't working," said Lynn White, executive director of the National Child Care Association, which represents 7,000 providers.

In a booming economy in which almost any job pays better, day care centers now lose a third to more than half of their staffs each year, and licensed home caregivers have quit in droves, according to national surveys.

The average starting wage for assistant day care teachers nationally rose 1 cent in eight years—to $6 an hour. Weekly tuition at centers in six cities rose 19 percent to 83 percent in the same period, as states tightened regulations.

Most industrialized countries invested heavily in early-childhood care as women surged into the work force in the 1970s, but Congress and a succession of presidents left the system here mostly to the marketplace, directly subsidizing only the poorest of the poor.

A federal child care tax credit, enacted in 1976, saves working families $3 billion, but advocates say it has fallen far behind inflation. (It saved Debra Harris $980 last year, leaving her cost at more than $7,000.)

When the military faced the same crisis of quality, affordability and supply a decade ago, Congress took a strikingly different approach. It financed a multibillion-dollar reform in the name of retaining top recruits and investing in future ones.

The result was a system of tightly enforced, high-quality standards for day care, home care and before- and after-school care. It included continual training of workers and more generous pay and benefits.

Advocates hail the system as a model. With 200,000 children in care, it costs an average of $7,200 a child, which the government subsidizes by income.

"The best chance a family has to be guaranteed affordable and high-quality care in this country is to join the military," concluded an analysis by the National Women's Law Center.

Debra Harris used to drop her kids at Pumpkin Patch Child Development Center in working-class Avenel every morning at 7 in a weathered Ford Escort. She popped buttered bagels in the center's microwave for their breakfasts before heading to Jersey City, where she was a school occupational therapist.

A bus took Whitney, 9, and Frankie, 7, to school and brought them back at day's end to Pumpkin Patch, which they complained was cramped and a bit boring. Their mother considered it the safest and best care she could afford.

This summer, though, Whitney and Frankie's needs would have grown from before- and after-school care (total: $440 a month) to full-day care at Pumpkin Patch's camp (total: $1,400 a month). Harris recently went back over the math, incredulous at the results.

"I can make $25 an hour on a per-diem basis," she said. "If I work 40 hours a week, that's $4,000 a month, $3,200 after taxes. If I take out $1,400 for my mortgage and $1,400 for full-time day care, that leaves $400—$100 a week to buy food and gas, pay bills, go to the shore on the weekend. This is crazy!"

So Harris decided to quit her job for the summer, find part-time work and draw down her savings.

At 30, Harris prides herself on providing for her children "without ever using the welfare system, thank God," despite difficulties that include an ex-husband who is more than $6,000 behind in child support, according to her records.

Child care was easier when she was married, and not just because of her husband's paycheck, Harris said. Early in their marriage, they were stationed in Germany with the Air Force and had access to German-subsidized child care. They paid $40 a month per child for full-time care in a stately, 19th-century building within walking distance of their home.

"I find it really discouraging that my own government says I shouldn't need help with child care," Harris said. "Now is when I really need some help."

The first time Washington tried to help—and failed—was 1971. Congress passed a $2 billion program to help communities develop child care for working families, but President Richard M. Nixon vetoed it as ill-conceived, writing in his veto message that it would "commit the vast moral authority of the National Government to the side of communal approaches to child-rearing over ... the family-centered approach."

Mothers of school-age children kept going to work anyway. In 1947, 27 percent were employed at least part time; in 1960, it was 43

1/2

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cesses in AIDS prevention: It has distributed 140 million condoms, trained more than 10,000 teachers to conduct AIDS education, and improved access to health care. A nationwide publicity campaign has hoisted arresting billboards across Johannesburg, Cape Town and Durban advocating safe sex.

Still, while 85 percent of South Africans in a recent poll said they now know how HIV is transmitted, only 10 percent said they used a condom in their last sexual encounter.

Drug Discredited

In January 1997, Zuma invited to a cabinet meeting three Pretoria researchers who said they had discovered a drug that could cure AIDS. The scientists had used skin patches of a compound called Virodene P058 on HIV-infected volunteers and reported the preliminary findings to Zuma. She appealed to the cabinet for funding and tried to speed the drug's approval with the Medicines Control Council, the equivalent of the U.S. Food and Drug Administration.

The cabinet, which gave the researchers a standing ovation at the end of their 90-minute presentation, believed the discovery would validate South Africa's black majority in much the same way that Christiann Barnard's first successful heart transplant in 1968 affirmed apartheid South Africa to the world, said Salim Karim, director of HIV prevention and vaccine research for the Medical Research Council.

Newspapers championed the discovery of Virodene as a miracle cure. But Peter Folb, the Medicines Control Council director, said the researchers had not followed accepted practices and further investigation was needed before the drug could be approved. Both Zuma and Mbeki, still deputy president, pressured Folb to approve the drug.

When the opposition Democratic Party criticized the ANC's endorsement of Virodene, Zuma responded, "The DP hates ANC supporters. If they had their way we would all die of AIDS."

Virodene was soon discredited as an effective treatment, and was judged to be harmful after it was revealed that its active agent was an industrial solvent. Quarraisha Karim, the first director of South Africa's national AIDS program, said that the government's policy on the drug was driven entirely by politicians without consulting either herself of any advisers with technical experience.

"There was this sense that this drug would be the thing that offset the perception . . . of Africans as substandard and less than capable," Karim said. "All eyes were upon [the ANC] and the expectations were very high and they were really trying to find their feet but they didn't want to exercise caution," she said. "This was driven by this need to show the world: 'Yes, Africans can do this. We can do this. Virodene became our redemption'."

Folb, who is white but is a member of the ANC, recalled one late night conversation with Zuma, who was pressing him to approve Virodene despite his concerns that it hadn't been adequately tested. Folb politely but firmly repeated his refusal. Finally, a frustrated Zuma blurted out: "You're ANC. Why won't you back me on this?"

Model of What Went Wrong

In 1990, the prevalence of HIV infection in South Africa and Thailand were both less than one percent. Today, Thailand's rate is 2.15 percent; South Africa's is 19.94 percent.

As an international AIDS conference opens this weekend in Durban, on South Africa's Indian Ocean coast, the country is a model not of progress against the disease, but of things gone wrong. Mbeki—described by friends and even critics as among the smartest and most capable leaders in the developing world—has become better known internationally for his skepticism about conventional AIDS treatments than for any other reason.

Some see parallels between the Virodene episode and Mbeki's staunch refusal to support even low-cost antiretroviral drugs for pregnant women, despite research indicating that the medicine can reduce the transmission of HIV from mother to child by as much as half. In championing an African solution, Mbeki has questioned whether the drugs are toxic, and whether Western remedies apply in sub-Saharan Africa.

There are no such questions in the maternity ward at Baragwanath Hospital in Soweto where 40 percent of the 600 babies delivered each month carry the virus. "I just want to know," said one gaunt woman, who is nine months pregnant and infected with HIV, "what kind of treatment is available that might help us and our children live longer."

The hospital's donated supply of AZT will last only a few months more. Then administrators will have only counseling to offer pregnant women, said Florence Ngobele, who heads a support group of expectant mothers who have tested positive for HIV.

"The irony, she said, "is that this is what I would have expected from the apartheid government, not the new South Africa. They have broken our hearts."

3/3

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