

Room 2046  
Washington, DC 20447



Date 12/1/98  
Number of pages including cover sheet 4

To: Neera Tanden

From: Frank Fuentes

Phone \_\_\_\_\_

Phone 202-690-6782

Fax Phone \_\_\_\_\_

Fax Phone 202-690-5600

CC: \_\_\_\_\_

REMARKS:

- Urgent
- For your review
- Reply ASAP
- Please comment

This material responds to the Campus Child Care questions asked of Carmen Nazario. We have tried to send this via e-mail but our software is not compatible.

## **Campus Based Child Care Questions and Answers**

### **How does the new program fit with existing programs?**

The new funds are expected to expand the availability of campus-based child care available to students. The Department of Education will hold a competition in early 1999 to award funds. Funds will be available to both existing programs and campuses seeking to establish new programs. Grant levels have not yet been determined.

### **How many states provide child care for students only?**

According to the State Child Care Plans, 30 states explicitly include participation in postsecondary education (including vocational/technical programs and either two- or four-year programs) as a qualifying activity for the child care subsidy (AL, AK, AZ, DE, DC, GA, ID, IL, IA, LA, ME, MD, MA, MN, MT, NE, NJ, NY, NC, ND, OH, OK, OR, SC, TX, VT, VA, WA, WV, WY). Some states will only authorize care for two years of post-secondary education for some families (AL, AZ, IA, MA, SD). For example, in Alabama, child care is not routinely authorized for clients to attend four-year programs unless the client is within two years of completing the Bachelor's degree in a field of good employment potential.

In other states, postsecondary education in a two- or four-year setting is not explicitly named, although this educational activity may be allowed if it seems to prepare the client for employment.

In Oklahoma, reimbursement for child care services is not available when both parents are attending school or for post-graduate education except for high school students or those obtaining their GED.

### **How many campus-based child care centers exist?**

According to the National Coalition for Campus Children's Centers, there are approximately 2500 campus based centers serving approximately 170,000 children. Todd Boressoff, NCCCC Public Policy Chair noted that this data is dated and very much an approximation. The Center is seeking funding to collect accurate data on the number of colleges with centers, the number of centers, and the number of children served.

### **How are campus-based centers funded?**

A 1995 survey by the National Coalition for Campus Children's Centers identified these funding sources for child care centers on campus:

Funding Source	Percentage
Parent Fees	50%
Direct Subsidies	21%
In-Kind Donations from Institutions	10%

Other (Primarily grants, fundraising) 19%

### Who do campus-based centers serve?

The same survey found the clientele for on-campus centers to be:

Parent Group Served	Percentage
Students	97%
Campus Employees	93%
Community	64%

### What types of programs do campus-based centers offer?

The survey also found that most programs include a full-day component:

Type of Program	Percentage
Full Day	81%
Half Day	58%
Flexible Schedule	42%
Evening	13%
Weekend	3%
Other	6%

### Other Information and Examples

- An informal survey by the Coalition found the following information about participation of low-income families in campus child care programs:
  - ◆ University of Wisconsin-Whitewater Children's Center: 23% of the children served come from families with low incomes;
  - ◆ Maui Community College: on-campus center is a partnership with Head Start, so 100% of children served are low-income;
  - ◆ Northern Illinois University Campus Child Care: 37% of families served are low income;
  - ◆ Borough of Manhattan Community College Early Childhood Center: 82.5% of families served are low income;
  - ◆ Washington State University Children's Center: 38.6% of children are from low income families;
  - ◆ University of Notre Dame and Saint Mary's College: 21% of children served are low income;
  - ◆ Parkland College Child Development Center: 14.5% of children in center receive a subsidy.

- On-campus child care programs are funded in a variety of ways, including parent fees, direct funding through the institution through various departments, in-kind donations from the institution, including rent and other operating expenses, institutional subsidies for faculty and staff, state child care subsidy funds, and other community resources.
- ◆ At Glendale Community College in Glendale, California, the college operates a Laboratory/demonstration school, which serves as a laboratory for college students, families, educators and the community. The center operates two programs. The first is a full-day, full-year program completely supported by parent fees and open to faculty and staff, students and other parents in the community. A second program is open from 6:00 p.m. to 10:00 p.m. four days a week during the Fall and Spring Semesters, and is funded through grants from various campus departments, the Associated Student Body and state block grant funds.
- ◆ The University of California, Los Angeles operates several child care centers on campus to meet the needs of faculty, staff and students. The University Child Care Services contracts with the state to provide services to a limited number of low-income student families, as long as one parent is a full-time UCLA student or working full-time and meets the income eligibility guidelines.
- ◆ The Ohio Board of Regents has embarked on a state-funded plan to build, expand or renovate space for child-care centers on more than ten state college campuses. Almost \$1.5 million in funds was earmarked in a capital bill for campus child-care facilities in 1997. The projects are part of a sustained effort to place child-care facilities on Ohio's state college and university campuses in response to student needs. To date, Ohio has committed a total of \$6.5 million. Licensed child-care facilities are either in operation or scheduled to open at 57 campuses. Each state capital budget appropriation for child-care facilities has required that colleges and universities match state funds with their own resources. In addition, each appropriation has directed that priority be given to: (1) colleges and universities without child-care facilities, (2) centers where the principal clients are children of students enrolled in the college or university, and (3) centers used as classrooms/training labs for child-care/pre-school certification programs.

NOV-09-1998 15:23

ARCC, WASH., DC

202 223 9390

P.02/04

HOUSE OF REPRESENTATIVES

100-100

HIGHER EDUCATION AMENDMENTS  
OF 1998

CONFERENCE REPORT

TO ACCOMPANY

H.R. 6



U.S. GOVERNMENT PRINTING OFFICE: 1998

"(g) DATA COLLECTION.—The National Center for Education Statistics shall collect postsecondary education data on migrant students."

"(d) TECHNICAL AMENDMENT.—Section 418A(e) is amended by striking "authorized by subpart 4 of this part in accordance with section 417A(b)(2)" and inserting "in accordance with section 402A(c)(1)".

SEC. 409. ROBERT C. BYRD HONORS SCHOLARSHIP PROGRAM.

(a) FAS ELIGIBILITY.—Section 419D (20 U.S.C. 1070d-34) is amended by adding at the end thereof the following:

"(e) FAS ELIGIBILITY.—

"(1) FISCAL YEARS 2000 THROUGH 2004.—Notwithstanding any other provision of this subpart, in the case of students from the Freely Associated States who may be selected to receive a scholarship under this subpart for the first time for any of the fiscal years 2000 through 2004—

"(A) there shall be 10 scholarships in the aggregate awarded to such students for each of the fiscal years 2000 through 2004; and

"(B) the Pacific Regional Educational Laboratory shall administer the program under this subpart in the case of scholarships for students in the Freely Associated States.

"(2) TERMINATION OF ELIGIBILITY.—A student from the Freely Associated States shall not be eligible to receive a scholarship under this subpart after September 30, 2004."

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 419K (20 U.S.C. 1070d-41) is amended by striking "\$10,000,000 for fiscal year 1993" and inserting "\$45,000,000 for fiscal year 1999".

SEC. 410. CHILD CARE ACCESS MEANS PARENTS IN SCHOOL.

Part A of title IV (20 U.S.C. 1070 et seq.) is amended by inserting after subpart 6 (20 U.S.C. 1070d-31 et seq.) the following:

"Subpart 7—Child Care Access Means Parents in School

"SEC. 419N. CHILD CARE ACCESS MEANS PARENTS IN SCHOOL.

"(a) PURPOSE.—The purpose of this section is to support the participation of low-income parents in postsecondary education through the provision of campus-based child care services.

"(b) PROGRAM AUTHORIZED.—

"(1) AUTHORITY.—The Secretary may award grants to institutions of higher education to assist the institutions in providing campus-based child care services to low-income students.

"(2) AMOUNT OF GRANTS.—

"(A) IN GENERAL.—The amount of a grant awarded to an institution of higher education under this section for a fiscal year shall not exceed 1 percent of the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year.

"(B) MINIMUM.—A grant under this section shall be awarded in an amount that is not less than \$10,000.

"(3) DURATION; RENEWAL; AND PAYMENTS.—

"(A) DURATION.—The Secretary shall award a grant under this section for a period of 4 years.

"(B) PAYMENTS.—Subject to subsection (e)(2), the Secretary shall make annual grant payments under this section.

"(4) ELIGIBLE INSTITUTIONS.—An institution of higher education shall be eligible to receive a grant under this section for a fiscal year if the total amount of all Federal Pell Grant funds awarded to students enrolled at the institution of higher education for the preceding fiscal year equals or exceeds \$350,000.

"(5) USE OF FUNDS.—Grant funds under this section shall be used by an institution of higher education to support or establish a campus-based child care program primarily serving the needs of low-income students enrolled at the institution of higher education. Grant funds under this section may be used to provide before and after school services to the extent necessary to enable low-income students enrolled at the institution of higher education to pursue postsecondary education.

"(6) CONSTRUCTION.—Nothing in this section shall be construed to prohibit an institution of higher education that receives grant funds under this section from serving the child care needs of the community served by the institution.

"(7) DEFINITION OF LOW-INCOME STUDENT.—For the purpose of this section, the term "low-income student" means a student who is eligible to receive a Federal Pell Grant for the fiscal year for which the determination is made.

"(c) APPLICATIONS.—An institution of higher education desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require. Each application shall—

"(1) demonstrate that the institution is an eligible institution described in subsection (b)(4);

"(2) specify the amount of funds requested;

"(3) demonstrate the need of low-income students at the institution for campus-based child care services by including in the application—

"(A) information regarding student demographics;

"(B) an assessment of child care capacity on or near campus;

"(C) information regarding the existence of waiting lists for existing child care;

"(D) information regarding additional needs created by concentrations of poverty or by geographic isolation; and

"(E) other relevant data;

"(4) contain a description of the activities to be assisted, including whether the grant funds will support an existing child care program or a new child care program;

"(5) identify the resources, including technical expertise and financial support, the institution will draw upon to support the child care program and the participation of low-income students in the program, such as accessing social services funding, using student activity fees to help pay the costs of child care, using resources obtained by meeting the needs of parents who are not low-income students, and accessing foundation, cor-

incl. administr. ed?

Must be in degree program?

P. 03/04

202 223 9390

HHUC, WJSH, DC

15:25

NUV-05-1998

pprate or other institutional support, and demonstrate that the use of the resources will not result in increases in student tuition;

"(6) contain an assurance that the institution will meet the child care needs of low-income students through the provision of services, or through a contract for the provision of services;

"(7) describe the extent to which the child care program will coordinate with the institution's early childhood education curriculum, to the extent the curriculum is available, to meet the needs of the students in the early childhood education program at the institution, and the needs of the parents and children participating in the child care program assisted under this section;

"(8) in the case of an institution seeking assistance for a new child care program—

"(A) provide a timeline, covering the period from receipt of the grant through the provision of the child care services, delineating the specific steps the institution will take to achieve the goal of providing low-income students with child care services;

"(B) specify any measures the institution will take to assist low-income students with child care during the period before the institution provides child care services; and

"(C) include a plan for identifying resources needed for the child care services, including space in which to provide child care services, and technical assistance if necessary;

"(9) contain an assurance that any child care facility assisted under this section will meet the applicable State or local government licensing, certification, approval, or registration requirements; and

"(10) contain a plan for any child care facility assisted under this section to become accredited within 3 years of the date the institution first receives assistance under this section.

"(d) PRIORITY.—The Secretary shall give priority in awarding grants under this section to institutions of higher education that submit applications describing programs that—

"(1) leverage significant local or institutional resources, including in-kind contributions, to support the activities assisted under this section; and

"(2) utilize a sliding fee scale for child care services provided under this section in order to support a high number of low-income parents pursuing postsecondary education at the institution.

"(e) REPORTING REQUIREMENTS; CONTINUING ELIGIBILITY.—

"(1) REPORTING REQUIREMENTS.—

"(A) REPORTS.—Each institution of higher education receiving a grant under this section shall report to the Secretary 18 months, and 36 months, after receiving the first grant payment under this section.

"(B) CONTENTS.—The report shall include—

"(i) data on the population served under this section;

"(ii) information on campus and community resources and funding used to help low-income students access child care services;

"(iii) information on progress made toward accreditation of any child care facility; and

"(iv) information on the impact of the grant on the quality, availability, and affordability of campus-based child care services.

"(2) CONTINUING ELIGIBILITY.—The Secretary shall make the third annual grant payment under this section to an institution of higher education only if the Secretary determines, on the basis of the 18-month report submitted under paragraph (1), that the institution is making a good faith effort to ensure that low-income students at the institution have access to affordable, quality child care services.

"(f) CONSTRUCTION.—No funds provided under this section shall be used for construction, except for minor renovation or repair to meet applicable State or local health or safety requirements.

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section \$45,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years." \*

#### SEC. 411. LEARNING ANYTIME ANYWHERE PARTNERSHIPS.

Subpart 8 of part A of title IV (20 U.S.C. 1070 et seq.) is amended to read as follows:

#### "Subpart 8—Learning Anytime Anywhere Partnerships

#### "SEC. 420D. FINDINGS.

"Congress makes the following findings:

"(1) The nature of postsecondary education delivery is changing, and new technology and other related innovations can provide promising education opportunities for individuals who are currently not being served, particularly for individuals without easy access to traditional campus-based postsecondary education or for whom traditional courses are a poor match with education or training needs.

"(2) Individuals, including individuals seeking basic or technical skills or their first postsecondary experience, individuals with disabilities, dislocated workers, individuals making the transition from welfare-to-work, and individuals who are limited by time and place constraints can benefit from non-traditional, noncampus-based postsecondary education opportunities and appropriate support services.

"(3) The need for high-quality, nontraditional, technology-based education opportunities is great, as is the need for skill competency credentials and other measures of educational progress and attainment that are valid and widely accepted, but neither need is likely to be adequately addressed by the uncoordinated efforts of agencies and institutions acting independently and without assistance.

November 16, 1998

MEMORANDUM FOR GENE SPERLING

FROM: CECILIA ROUSE AND BOB SHIREMAN

SUBJECT: CHILD CARE FOR ADULT STUDENTS

Attached is a proposal to increase funding for a program within the Dept. of Education to subsidize the provision of child care on college campuses. This proposal has not been vetted (in fact, Dept. of Ed only developed this under duress), however we believe that the Dept. of Education (David Longenecker) is now on board. (Community colleges have been extremely interested in this funding source and so an expansion of this program would likely be well received.)

We have also considered expanding the Child and Dependent Care Tax Credit to individuals who work and who attend classes (say, at night). Both Treasury and the folks who work on child care (from DPC and the First Lady's Office) oppose the extension (see the attached memo). Therefore, we have focused on this program within the Dept. of Ed. The other support service that we have considered is transportation, but we have yet to make any progress there.

November 16, 1998

## CHILD CARE ACCESS MEANS PARENTS IN SCHOOL

Lack of affordable, quality child care is often cited as a primary obstacle for adults desiring to continue their education. And colleges often complain that their lack of sufficient child care facilities is a leading cause of student attrition. DPC is proposing an expansion of the Child Care and Development Block Grant (of \$7.5 billion over five years). We could, in addition, propose a \$35 million increase in funding for child care on college campuses through the "Child Care Access Means Parents in School" program that is currently authorized under the Higher Education Act.

### Summary of Existing Program

The 1998 amendments to the Higher Education Act of 1965 authorize supporting the participation of low-income parents in postsecondary education through the provision of campus-based child care services. Under the program, the Department will award grants to institutions of higher education to assist in providing campus-based child care services to low-income students. Among the specific requirements of the program are:

- For an institution to be eligible to receive a grant, its Pell Grant funding in the preceding fiscal year must equal or exceed \$350,000.
- For each fiscal year, the grant amount awarded to an institution shall not exceed 1 percent of the total Pell funds awarded to students at that institution in the preceding year.
- Priority must be given to institutions that leverage significant local or institutional resources and utilize a sliding fee scale for child care services.
- No funds made available under the program can be used for construction other than minor renovation or repair to meet State or local health or safety requirements.

The Department of Education Appropriations Act for fiscal year 1999 provides \$5 million for the Child Care Access Means Parents in School program.

### Proposal

The proposal would be to increase funding to \$40 million (the theoretical maximum is \$60 million because of the limitation that the grants shall not exceed 1% of the institution's Pell Grant funds in the preceding year, however the Dept. Of Education does not believe that it could sensibly expand the program that much in one year).

Here are some estimates based on what we know:

	Current Approp. \$5 million	High end estimate \$40 million
Number of inst.	31.2	900
Average award	\$160,000	\$44,000
Number of children	3,000	25,000
Average # of children per inst.	100	27
Est. avg. Federal cost/child	\$1,620	\$1,620

Assuming that at the current appropriations level, the schools that would be eligible to receive the most would apply for and receive funding. The high end estimate is based on the assumption that most institutions would not wish to apply for grants when the total amount of the grant they could potentially receive was less than \$20,000. Thus, only about ½ of the schools that would be eligible for between \$15,000 and \$20,000 are assumed to apply for a grant. In addition, schools are assumed to receive the full 1% of Pell Grants to which they are allowed, but the amount is capped at \$200,000 (only 13 schools are capped).

#### Background Information On Campus Child care Available at Institutions

Data from the NCES institutional surveys reveal that 1,365 of the 7,160 institutions, or 19 percent, had on-campus child care available in award year 1996-97.

Four-year (55 percent) and two-year (43 percent) public colleges were most likely to have on-campus child care. For-profit institutions were least likely to have on-campus child care, with only 2 percent offering on-campus child care.

**Institutional Eligibility for the Grant.** Data for award year 1997-98 reveals that 2,812 institutions had Pell Grant funding equal to or exceeding \$350,000. The total amount of Pell Grants to these institutions was slightly over \$6 billion. These institutions enrolled 3 million Pell Grant recipients.

**Percentage of Students Paying Child Care Costs.** Data from the 1996 National Postsecondary Study Aid Survey indicates that 20 percent of Federal student aid applicants paid child care expenses in 1996. Of those students who received a Pell grant, 32.5 percent had child care expenses in 1996.

Information by type of institution attended, marital status, gender, and race/ethnicity is presented in the following table.

PERCENT OF STUDENTS REPORTING CHILD CARE EXPENSES

Estimates based on NPSAS:96

	Child care paid? Percent responding yes.
Total	20.1
Institution type (level & control) 1995-96	
Public 4-year	13.9
Public 2-year	29.5
Public less-than-2-year	40.9
Private nfp, 4-year	9.8
Private nfp, 2-year	27.8
Private nfp, less-than-2-year	18.6
Private for profit, 4-year	25.9
Private for profit, 2-year	27.7
Private for profit, less-than-2-year	41.9
Gender	
Male	11.0
Female	26.2
Race/ethnicity (citizens/perm residents)	
White, non-Hispanic	18.3
Black, non-Hispanic	29.8
Hispanic	21.2
Asian/Pacific Islander	6.3
American Indian/Alaskan Native	41.4
Other	17.7
Non-resident alien	low n
Race/ethnicity and gender	
American Indian/Alaskan Native male	31.2
American Indian/Alaskan Native female	45.6
Asian/Pacific Islander male	4.7
Asian/ Pacific Islander female	7.9
Black, non-Hispanic male	17.2
Black, non-Hispanic female	35.5
Hispanic male	15.1
Hispanic female	25.5
White, non-Hispanic male	9.5
White, non-Hispanic female	24.6

### Treatment of Child Care Expenses in the Calculation of Financial Aid

It is important to remember that child care expenses can be paid for with Federal student financial aid. When calculating a student's financial need for federal student aid, the financial aid administrator treats "child care expenses" as a line item in a student's "cost of attendance" budget based on the definition of "Cost of Attendance" under section 472 of the Higher Education Act of 1965, as amended. Specifically, the section 472 states that the term "cost of attendance" means: for a student with one or more dependents, an allowance based on the estimated actual expenses incurred for such dependent care, based on the number and age of such dependents, except that - such allowance shall not exceed the reasonable cost in the community in which such student resides for the kind of care provided; and - the period for which dependent care is required includes, but is not limited to, class-time, study-time, field work, internships, and commuting time.

## Tax Relief for Parents, Including Parents who Stay at Home

Stay-at-Home Options (all estimates are rough and preliminary)

### I. Expand the Child Tax Credit:

The Child Tax Credit is currently \$500 per child for children under 17. We propose to double the credit to \$1,000 per child for those children under the age of four. The Child Tax Credit begins to fade out for taxpayers whose adjusted gross income exceeds \$110,000 each year (\$75,000 if not married). **Cost: Roughly between ~~\$11 and \$18~~ billion over 5 years.** [Will get more definite numbers from Janet.]

*ABM (R 20) / AA B*  
Other options:

A. Increase the Child Credit by \$250 per child under four, covering roughly 6.5 million taxpayers 6.8 million taxpayers with 7.9 million children. Average tax cut per family is \$278. **Cost: \$7.657 billion over 5 years.**

B. Increase the Child Credit by \$500 per child under two, covering roughly 1.8 million taxpayers with 1.9 million children. Average tax cut per family is \$481. **Cost: \$3.593 billion over 5 years.**

C. Expand the Child Credit \$250 per child under one, covering 1.8 million taxpayers with 1.9 million children. Average tax cut per family is \$249. **Cost: \$1.845 billion over 5 years.**

### Evaluation

Pro: The child tax credit is partially refunded and helps mitigate the effects of the alternative minimum tax.

Pro: This proposal reaches more families than a standard deduction proposal because it reaches more higher-income families, as well as moderate-income families who itemize deductions.

Pro: A number of Congressional Republicans have supported expanding the child tax credit as part of their own child care initiatives. For example, Representative Frank Wolf (R-VA) introduced the Family-Friendly Tax Relief Act, which doubled the \$ 500 per-child tax credit for children under 5 years old. And Senator Gordon Smith introduced legislation to triple the per- child tax credit from \$500 to \$1,500 for parents of children under age 6, as part of a response to the Administration's child care proposal.

Pro: This proposal benefits all families equally, including those where a parent stays at home as well as those where both or the only parent work outside the home.

Con: This proposal will help all families, and is not targeted to those where one spouse stays at home (though this could also be seen as a positive attribute as well).

Con: If this proposal is put forward in addition to a child care tax proposal, Congress may consider this the more politically palatable proposal, and pass it in lieu of a tax credit for child care expenses.

Con: This proposal will not benefit the lowest-income families because they don't have tax liability and the child tax credit is only partially refunded.

Con: This kind of proposal will not substantially affect behavior because it provides too little support for families. Indeed, it provides a relatively small benefit to a large number of taxpayers.

## II. Increasing the Standard Deduction

Most lower-income families (incomes of less than \$50,000) do not itemize their deductions, choosing to take the standard deduction (and using the simpler form) instead, while most higher income families choose to itemize. Therefore, a proposal to expand the standard deduction for children would help lower-income families. Currently, the standard deduction is roughly \$7,200 for married couples, and \$6,350 for heads of households. We could increase the standard deduction by \$1,000 for families with children for each child under 3, regardless of the marital status of the parents, and would cover roughly 3 million taxpayers (three quarters of whom are married couples) and 3 million children. The average benefit would be \$170 per taxpayer. **Cost: \$2.5 to \$3.5 billion over five years.**

### Other Options

A. Increase standard deduction by \$1,500 for all joint returns (no limitation based on children), which covers 22 million taxpayers. Average tax cut is \$248. **Cost: \$22.475 billion over 5 years.**

B. Increase standard deduction by \$1,500 for returns with a child under age 4, which covers 3.9 million taxpayers. Average tax cut per family is \$223. **Cost: \$3.674 billion over 5 years.**

C. Increase standard deduction by \$1,500 per child under age 4, which covers 4 million taxpayers. Average tax cut per family is \$252. **Cost: \$4.181 billion over 5 years.**

D. Increase by \$1,500 per child under age 4, for joint returns for married couples only, which covers 2.8 million taxpayers. Average tax cut per family is \$264. **Cost: \$3.029 billion over 5 years.** (We would only support such an initiative as part of a marriage penalty proposal.)

700 M w/ ~~1/2~~ 1/50 incomes below \$50,000

Evaluation

Pro: This proposal may simplify the tax code by creating an incentive to take the standard deduction for some families who are currently itemizing their deductions.

Pro: Such an initiative could be cast in some form as limited marriage penalty relief. Representative Archer has proposed expanding the deductions for married couples, with or without children.

Pro: This option benefits both stay-at-home parents as well as those who work outside the home equally.

Pro/Con: This proposal covers far fewer people from \$50,000 to \$100,000 relative to child credit expenses, and therefore is less likely to buy conservative support, though may well be better targeted policy.

Con: The current standard deduction does not vary with the age and number of children in the household. Therefore, adding these criteria will complicate standard tax filing.

Con: This proposal would not help the lowest income families because they already do not pay taxes.

Con: Moderate income people who itemize because of high medical costs, high state taxes or mortgage expenses, would not benefit from this proposal.

III. Expansion of the DCTC to Provide Benefits to Stay-at-Home Parents

We could extend the benefits of our DCTC proposal to stay-at-home parents with children age three and under, by applying the same eligibility guidelines and assuming minimum child-care expenses of \$150 per family per month. This proposal would also phase out the credit for families with annual income over \$105,000. **Cost: A variant of this proposal was estimated at \$13 billion over 5 years, (\$8 billion over our DCTC proposal).** [Note: Janet is working on a further refinement of this initiative that is less expensive.]

Ex: If one parent earns \$30,000, and the other parent stays at home for one year to care for the child, they would be eligible for the following credit: (50%) x (\$150/month) x (12 months) = \$900.

Evaluation

Pro: This proposal has been adopted by a number of Republicans in the Senate, led by Chafee, and a few in the House, including Bob Franks (R-NJ).

Pro: This tax credit builds on our current DCTC proposal, and therefore, does not require a whole new initiative for stay-at-home parents.

Minimum  
\$1,200 +  
real expenses

Either or  
\$ 6.5 B  
\$1,200 of imputed  
expenses  
Both

\$ 8.5 B if  
impute expenses  
of \$1,200 and  
then add  
high

\$ 1B over 5 if you  
add imputed expenses  
to cap → maximum  
allowable expense =  
\$ 3,600

Modify budget proposal  
over 5 yrs = \$ 1B over

Pro: By having one tax proposal that supports child care as well as stay-at-home parents, it builds support for the initiative from two different constituencies.

Con: This proposal raises equity concerns by benefiting some stay-at-home families more than those families where both parents work.

Con: A proposal that builds on the DCTC is inherently more complicated than expansion of the child tax credit, as well as other possible initiatives.

① DCTC proposal w/in cost of our original proposal  
 Max credit of 40% instead of 50%  
 \$1.4 B less than our original proposal.

Stay-at-home \$600 of cc expenses for each child under 1  
 NA 40% of \$600 = \$240 = \$1.4 B up to 2 children

Added to expenses allowed under DCTC but  
 constrained by \$2,400 or \$4,800

- How many helped?

- Income distribution?

↓ \$30,000 - - head of households suffer for households

② Current (50%) proposal + imputed expenses  
 a) \$600 for kids under 4 a  
 b) \$1,200 for kids under 1 ~~NA~~  
 c) Raise maximum limit - - not constrained by \$2,400

**Andrea Kane**

Record Type: Record

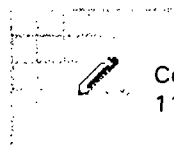
To: Jennifer L. Klein/OPD/EOP

cc:

Subject: Child Care Program

Here's the info from Ed. I haven't heard back from Carmen -- any chance you can follow up?

----- Forwarded by Andrea Kane/OPD/EOP on 11/17/98 12:51 PM -----



**Cecilia E. Rouse**  
11/10/98 04:27:19 PM

Record Type: Record

To: Andrea Kane/OPD/EOP

cc:

Subject: Child Care Program

Here's the info I got from Ed. I also spoke to David B. this afternoon and said that we'll need to do better than this (because of the great interest in the field and in the Administration). He's going to see what he can do (we'll also be discussing this at my post-secondary meeting on Friday at 2pm). He claims there is no other statutory language under which child care subsidies (or something) could be accommodated in the HEA. Therefore, we'll have to see what we can do with this or come up with something new. I was also wondering if there was anything at HHS....

-- ceci

----- Forwarded by Cecilia E. Rouse/OPD/EOP on 11/10/98 04:27 PM -----



**David Bergeron @ ed.gov (David Bergeron)**  
11/06/98 10:40:02 AM

Record Type: Record

To: Cecilia E. Rouse/OPD/EOP, Robert M. Shireman/OPD/EOP

cc: David\_Longanecker @ ed.gov (David Longanecker) @ inet, Maureen\_McLaughlin @ ed.gov (Maureen McLaughlin) @ inet, Maria\_Rojtman @ ed.gov (Maria Rojtman) @ inet

Subject: Child Care Program

---

Ceci--

Here is a paper on the child care program as you requested.

David

## CHILD CARE ACCESS MEANS PARENTS IN SCHOOL

### SUMMARY OF PROGRAM

The 1998 amendments to the Higher Education Act of 1965 authorize supporting the participation of low-income parents in postsecondary education through the provision of campus-based child care services. Under the program, the Department will award grants to institutions of higher education to assist in providing campus-based child care services to low-income students. Among the specific requirements of the program are:

For an institution to be eligible to receive a grant, an it's Pell Grant funding in the preceding fiscal year must equal or exceed \$350,000. For each fiscal year, the grant amount awarded to an institution shall not exceed 1 percent of the total Pell funds awarded to students at that institution in the preceding year.

Priority must be given to institutions that leverage significant local or institutional resources and utilize a sliding fee scale for child care services.

No funds made available under the program can be used for construction other than minor renovation or repair to meet State or local health or safety requirements.

The Department of Education Appropriations Act for fiscal year 1999 provides \$5 million for the Child Care Access Means Parents In School program.

### BACKGROUND INFORMATION

On Campus Child care Available at Institutions. Data from the NCES institutional surveys reveal that 1,365 of the 7,160 institutions, or 19 percent, had on-campus child care available in award year 1996-97.

Four-year (55 percent) and two-year (43 percent) public colleges were most likely to have on-campus child care. For-profit institutions were least likely to have on-campus child care ,with only 2 percent offering on-campus child care.

Institutional Eligibility for the Grant. Data for award year 1997-98 reveals that 2,812 institutions had Pell Grant funding equal to or exceeding \$350,000. The total amounted of Pell Grants to these institutions was slightly over \$6 billion. These institutions enrolled 3 million Pell Grant recipients.

Percentage of Students Paying Child Care Costs. Data from the 1996 National Postsecondary Study Aid Survey indicates that 20 percent of Federal student aid applicants paid child care expenses in 1996. Of those students who received a Pell grant, 32.5 percent had child care expenses in 1996.

Information by type of institution attended, marital status, gender, and race/ethnicity is presented in the following table.

PERCENT OF STUDENTS REPORTING CHILD CARE EXPENSES

Child care paid?  
Percent responding yes.

Estimates based on NPSAS:96

Total	20.1
Institution type (level & control) 1995-96	
Public 4-year	13.9
Public 2-year	29.5
Public less-than-2-year	40.9
Private nfp, 4-year	9.8
Private nfp, 2-year	27.8
Private nfp, less-than-2-year	18.6
Private for profit, 4-year	25.9
Private for profit, 2-year	27.7
Private for profit, less-than-2-year	41.9
Gender	
Male	11.0
Female	26.2
Race/ethnicity (citizens/perm residents)	
White, non-Hispanic	18.3
Black, non-Hispanic	29.8
Hispanic	21.2
Asian/Pacific Islander	6.3
American Indian/Alaskan Native	41.4
Other	17.7
Non-resident alien	low n =
Race/ethnicity and gender	
American Indian/Alaskan Native male	31.2
American Indian/Alaskan Native female	45.6 =
Asian/Pacific Islander male	4.7 =
Asian/ Pacific Islander female	7.9 =
Black, non-Hispanic male	17.2 =
Black, non-Hispanic female	35.5 =
Hispanic male	15.1 =
Hispanic female	25.5 =
White, non-Hispanic male	9.5 =
White, non-Hispanic female	24.6 =

TREATMENT OF CHILD CARE EXPENSES IN THE CALCULATION OF FINANCIAL AID

It is important to remember that child care expenses can be paid for with Federal student financial aid. When calculating a student's financial need

for federal student aid, the financial aid administrator treats "child care expenses" as a line item in a student's "cost of attendance" budget based on the definition of "Cost of Attendance" under section 472 of the Higher Education Act of 1965, as amended. Specifically, the section 472 states that the term "cost of attendance" means:

for a student with one or more dependents, an allowance based on the estimated actual expenses incurred for such dependent care, based on the number and age of such dependents, except that - such allowance shall not exceed the reasonable cost in the community in which such student resides for the kind of care provided; and - the period for which dependent care is required includes, but is not limited to, class-time, study-time, field work, internships, and commuting time.

#### CONCLUSION

The fiscal year 1999 appropriations bill provides \$5 million for the Child Care Access Means Parents In School program. Based on the analysis described above, it appears that approximately 2,812 institutions would be eligible to receive support totaling up to \$60 million. With the \$5 million appropriated, an estimated 30 grants could be made averaging \$160,000.

However, institutions must demonstrate that there is a need for campus-based child care services by providing:

- information on student demographics;
- an assessment of the existing child care capacity on or near campus;
- information regarding the existence of waiting lists for existing childcare; and
- information regarding additional needs created by concentrations of poverty or geographic isolation.

Thus, we will not know until we evaluate proposals submitted under the program the extent to which institutions actually need and request funds under the program. We would expect that those institutions that had demand for child care services on campus would be providing them. This seems to be the case for the public institutions but, again, we will not know until we receive applications. Further, many institutions lack the physical space to house child care. The prohibition against the use of funds for construction could result in some institutions in need of on-campus child care being unable to apply. For these reasons, expansion of the program beyond the amount appropriated for fiscal year 1999 should be approached with caution.