Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. paper	Childcare Legislation Concepts (partial) (1 page)	nd	P6/b(6)

COLLECTION:

Clinton Presidential Records
First Lady's Office
Domestic Policy Council (Nicole Rabner)
OA/Box Number: 15412

FOLDER TITLE:

Child Care Legislation Proposals [1]

2012-1035-S
kc1011

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Retired Files of Nicole Rabner
Special Assistant to the President & Senior Policy Advisor to the First Lady
Box #5 of 16

Child Care Issues

FILES
Child Care- Legislative Proposals
Child Care- Dodd Legislation
Child Care- Chafee Legislation
Child Care- House Democrats Legislation
Child Care- Policy Options Memos
Child Care- Policy Memos 1997-1998
Child Care- Quality / Early Learning Issues
Child Care- Research
Child Care- Policy Development 1997; Quality/ Affordability
Child Care- Tax Policy
Child Care- Stay at Home Policy
Child Care- 2000 Child Care and Development Block Grant (CCDBG)
Child Care- Child Care and TANF $$
Child Care- Appropriations Issues
Child Care- Quality
Child Care- Affordability
Child Care- Disability
Child Care- School Age Care
Child Care- FY 2000 Budget; CCDBG
Child Care- Campus Based Care Issues
Child Care- National Governor's Association Platform
Child Care- Research- NICHD
Child Care- Research/ Studies (3 files)
Child Care- Mott Foundation

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 5, 1998

STATEMENT BY THE PRESIDENT ON CHILD CARE

Earlier this week, I submitted my budget proposal to Congress. I am proud that this budget -- the first balanced budget in a generation -- includes an ambitious initiative to make child care better, safer, and more affordable. Yesterday, we moved closer to achieving meaningful child care legislation because of an important step taken by Senator Chris Dodd and many of his Democratic colleagues in the Senate. Senator Dodd has introduced a comprehensive child care package that, like mine, significantly increases child care subsidies for poor children, provides greater tax relief to help low- and middle-income families pay for child care, creates a tax credit for businesses that provide child care for their employees, increases after-school opportunities for children, promotes early learning, and improves child care quality.

In putting forward this proposal, Senator Dodd and his co-sponsors have built on their longstanding commitment to improving child care for our nation's children. I was also pleased that, last week, a group of Republicans introduced a promising child care proposal. I look forward to working with the Congress on a bipartisan basis to enact child care legislation this year that will help Americans fulfill their responsibilities as workers, and, even more importantly, as parents.

-30-30-30-

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release **January 28, 1998**

Statement by the President on the Senate Republican Child Care Proposal

Earlier this month, I unveiled an ambitious initiative to make child care better, safer, and more affordable. Last night, in my State of the Union Address, I asked Congress to reach across party lines to work on this important issue. I am very pleased that today, Senators Chafee, Hatch, Snowe, Roberts, Specter and Collins proposed a child care package that, like mine, significantly increases child care subsidies for poor children, provides additional tax relief to help low- and middle-income families pay for child care, creates a tax credit for businesses that provide child care to their employees, and improves state enforcement of health and safety standards. I look forward to working with Members of Congress in both parties to enact comprehensive child care legislation to meet the needs of children and families.

I believe 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 helps Americans fulfill their responsibilities as workers, and even more importantly, as parents. With this important contribution from Senator Chafee and his Senate colleagues, we move significantly closer to enacting child care legislation that is right for America's children.

-30-30-30-

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 *announced 1/7/98*	$21.7 billion over 5 years.	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, doubling the number of children served by the grant by FY 2003.	Establishes a new Early Learning Fund -- $3 billion over 5 years -- which provides challenge grants to communities (distributed to states) to support programs to improve 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. Also supports enforcement of state child care health and safety standards, provides scholarships to up to 50,000 child care providers per year, facilitates background checks on child care providers, and invests in research and consumer education.	Expands the 21st Century Community Learning Center program by $800 million over 5 years 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. The President's Initiative also includes a collaborative effort involving numerous federal agencies to eliminate duplication and better coordinate federal funding for after-school programs in three to five pilot cities. Invests $3.8 billion over 5 years in order to meet the goal of serving one million children in Head Start and doubling the number of children served by Early Head Start by 2002.	Invests $5.2 billion over 5 years in the DCTC, increasing tax credits for three million working families with incomes below $60,000.	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)	Includes research on child care issues that could benefit low income families, innovations in the use of technology to promote distance learning and interactive computer programs in provider education and training, and demonstration projects to test new approaches to help new parents who choose to stay home to care for newborns or newly adopted children. Also includes a national center for child care statistics and a child care hotline.

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
S. 1577 **Chafee (R-RI)** *introduced 1/28/98* <u>Co-Sponsors</u> Collins (R-ME) Cochran (R-MS) Hatch (R-UT) Roberts (R-KS) Snowe (R-ME) Specter (R-PA) **H.R. 3144** **Johnson (R-CT)** *introduced 2/3/98*	----	Provides an additional $5 billion in discretionary funding over 5 years, doubling the discretionary authorization for CCDBG.	Authorizes $50 million per year 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.	----	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 age 3 and under and others who do not pay for child care.	Similar to President's Initiative, but credit covers 20% of expenses up to $100,000. Includes a demonstration project which authorizes $60 million over 3 years 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).	
H.R. 3129 **Roukema (R-NJ)** *introduced 1/28/98*	----	----	----	----	----	Authorizes funds through the Department of Education for grants to local educational agencies in order to work with the private sector to provide care to pre-Kindergarten children.	

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
H.R. 3135 **Weygand (D-RI)** *introduced 1/28/98* Co-Sponsors Frost (D-TX) Torres (D-CA)	----	----	----	----	Makes the DCTC refundable. Incomes of up to $18,000 eligible for 30% credit. Above $20,000 -- 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
S. 1610 **Dodd (D-CT)** *introduced 2/4/98* <u>Co-Sponsors</u> Akaka (D-HI) Biden (D-DE) Bingaman (D-NM) Boxer (D-CA) Bumpers (D-AR) Daschle (D-SD) Dorgan (D-ND) Durbin (D-IL) Feinstein (D-CA) Graham (D-FL) Harkin (D-IA) Inouye (D-HI) Kennedy (D-MA) Kerrey (D-NE) Kerry (D-MA) Landrieu (D-LA) Lautenberg (D-NJ) Levin (D-MI) Lieberman (D-CT) Moseley-Braun (D-IL) Mikulski (D-MD) Murray (D-WA) Reed (D-RI) Reid (D-NV) Rockefeller (D-WV) Wellstone (D-MN)	Approximately $30 billion over 5 years.	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, doubling the number of children served by the grant by FY 2003.	Provides $3 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. 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.	Expands the 21st Century Community Learning Center program by $1 billion over 5 years to provide funds to encourage schools to create before- and after-school programs. Provides $3 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 15.	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 (maximum credit $540). 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 $1 billion 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 credit 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.	Expands the Family and Medical Leave Act to include businesses with 25-50 employees.

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
H.R. 3292 **Kennelly (D-CT)** *introduced 2/26/98* <u>Co-Sponsors</u> Bonior (D-MI) Boucher (D-VA) Clayton (D-NC) Faleomavaega (D-AS) Frank (D-MA) Frost (D-TX) Hastings (D-FL) Hinchey (D-NY) Kennedy (D-RI) Lofgren (D-CA) Matsui (D-CA) McNulty (D-NY) Meehan (D-MA) Neal (D-MA) Towns (D-NY)		Provides an additional $8 billion in mandatory funding over 5 years through the CCDBG to augment current CCDBG funding. Requirements: states would have to draw down current CCDBG allocation before accessing these new funds; new funds would only require 20% state match; at least 70% of new funding must be used for child care assistance to working, low-income families who are not on welfare.	Invests $3 billion over 5 years through the CCDBG to improve the quality and safety of child care. States may use funds for a variety of activities. Funds would be distributed to the states in the same manner as the current CCDBG, except state match would be lowered to 20%.	Expands the 21st Century Learning Center Program by $1 billion over 5 years. Invests $3 billion over 5 years through the CCDBG to increase the supply and quality of after-school care programs (with a 20% state match).	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%). Eligibility limited to $60,000. Also prevents the Alternative Minimum Tax (AMT) from reducing this and other non-refundable tax credits. Extends eligibility of Child Tax Credit (CTC) to stay-at-home parents with children under 4. The credit would be equivalent to the current $500 tax credit plus an additional amount equal to the average increase in tax relief provided to two-worker families with a young child through the expansion of the DCTC.	Provides to businesses 25% credit of qualified costs (to a maximum of $150,000/year) for building or expanding on-site child care facilities, operating existing on-site child care facilities, or contracting with a licensed child care facility.	

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
H.R. 3296 **Morella (R-MD)** *introduced 2/26/98* Co-Sponsors Green (D-TX) Jackson-Lee (D-TX) Johnson (R-CT) Kennedy (D-MA) Price (D-NC) Woolsey (D-CA)	Authorizes $60 million for FY 1999, and such sums as may be necessary for each of the four succeeding fiscal years.	----	----	Grants of at least $10,000 will be available to higher education institutions to support the participation of low-income parents in postsecondary education through the provision of campus-based child care services. Eligible institutions include those whose total amount of Federal Pell grant awards exceeds $1 million.	----	----	

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
H.R. 3293 **Kildee (D-MI)** *introduced 2/26/98* Co-Sponsors Abercrombie (D-HI) Bonior (D-MI) Filner (D-CA) Jackson-Lee (D-TX) Johnson (R-CT) Lewis (D-GA) Lofgren (D-CA) Lowey (D-NY) McCarthy (D-NY) McGovern (D-MA) Mink (D-HI) Morella (R-MD) Norton (D-DC) Rush (D-IL) Sanchez (D-CA) Schumer (D-NY) Slaughter (D-NY) Tauscher (D-CA) Towns (D-NY) Woolsey (D-CA) Wynn (D-MD)	Authorizes $60 million for FY 1998, and such sums as may be necessary for each of the four succeeding fiscal years	----	----	*Same as Morella bill*	Increases the dependent care allowance for Pell Grant recipients from $750 to $1,500.	----	

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
S. 1697 **Kennedy (D-MA)** *introduced 3/2/98* <u>Co-Sponsors</u> Akaka (D-HI) Kerry (D-MA) Reed (D-RI) **H.R. 3400** **Slaughter (D-NY)** *introduced 3/5/98* <u>Co-Sponsors</u> Abercrombie (D-HI) Ackerman (D-NY) Allen (D-ME) Bonior (D-MI) Brown (D-CA) Clay (D-MO) Clayton (D-NC) DeFazio (D-OR) DeLauro (D-CT) Faleomovaega (D-AS) Filner (D-CA) Frank (D-MA) Frost (D-TX) Gutierrez (D-IL) Hilliard (D-AL) Hinojosa (D-TX) Hinchey (D-NY) Hooley (D-OR) Johnson, E.B. (D-TX) Kildee (D-MI) Lantos (D-CA)Lewis (D-CA) Lofgren (D-CA) Maloney (D-NY) Matsui (D-CA) McDermott (D-WA) McGovern (D-MA) Meehan (D-MA) Morella (R-MD) Neal (D-MA) Olver (D-MA) Owens (D-NY) Payne (D-NJ) Rahall (D-WV) Rodriguez (D-TX) Sanders (D-VT) Sandlin (D-TX) Underwood (D-Guam) Vento (D-MN) Waxman (D-CA)	Authorizes $7.25 billion over 5 years.	----	----	Expands the 21st Century Learning Center Program by $1 billion over 5 years. Expands the CCDBG by $5 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 1999 through 2003, 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. 3686 Tauscher (D-CA) *introduced 4/1/98* Co-Sponsors Allen (D-ME) Capps (D-CA) Clayton (D-NC) Condit (D-CA) DeLauro (D-CT) Frost (D-TX) Harman (D-CA) Kennedy (D-RI) Lofgren (D-CA) Maloney (D-NY) Miller, G. (D-CA) Moran (D-VA) Slaughter (D-NY) Tanner (D-TN) Torres (D-CA) Woolsey (D-CA)	----	Increases the CCDBG discretionary funds by $1 billion for FYs 1999 - 2003 and targets 70% of the additional funds to the working poor and those transitioning from welfare to work.	Authorizes the Secretary to make challenge grants to eligible states to improve the quality of child care. Funds may be used for a variety of purposes including to: provide training to providers, improve child-staff ratios, pay for comprehensive background checks, expand parent education activities, and to improve the availability and quality of care for children with special needs. Requires States to conduct inspections and enforce existing child care standards. Defers loan repayment for a maximum of two years for students with a degree in early childhood education or a related discipline who work for not less than 30 hours a week as a child care provider.	Authorizes the Secretary to carry out research, demonstration projects, and other activities relating to child care. Some funds must be used to measure the effects of Federal and State efforts to improve child care. Amends the National School Lunch Act to allow family and group day care homes that have children in their care eligible for free or reduced price meals to be reimbursed for the cost of obtaining and preparing food for these children.	----	Authorizes grants to business consortia through the states to start 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 for funding	

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
H.R. 3637 **Maloney (D-NY)** *introduced 4/1/98* <u>Co-Sponsors</u> Allen (D-ME) Jackson (D-IL) Kanjorski (D-PA) Manton (D-NJ) Meek (D-FL) Tauscher (D-CA) Velazquez (D-NY) Woolsey (D-CA)	Authorizes $10 million for FY 1999, to remain available until expended, for the creation and activities of the Commission.	----	Establishes a Children's Development Commission to ensure participating facility compliance with applicable State and local regulations and standards.	Provides for Federally insured mortgages for the acquisition, construction, or rehabilitation of child care and development facilities. Directs the Commission to plan for establishing a foundation to support child care and development research, pilot programs to test innovative methods for improving child care, and to provide technical assistance to those applying for the mortgage program.	----	----	
H.R. 3727 **Lazio (R-NY)** *introduced 4/23/98* <u>Co-Sponsors</u> Andrews (D-NJ) Boehlert (R-NY) English (R-PA) Gilman (R-NY) Horn (R-CA) Quinn (R-NY)	Authorizes $10 million for FY 1998 and such sums as may be necessary for each of the four succeeding fiscal years.	----	Provides loan forgiveness for individuals who earn a degree in early childhood education, and enter and remain employed in the early child care profession.	----	----	----	
H.R. 3768 **Allen (D-ME)** *introduced 4/30/98* <u>Co-Sponsors</u> Frost (D-TX) Lofgren (D-CA) Norton (D-DC) Snyder (D-AR) Thompson (D-MS)	Authorizes $250 million for each of fiscal years 1999 through 2002.	----	----	Authorizes grants to local education agencies through the States for the purpose of establishing school-based child care programs for children under the age of 7 Children served must include those eligible for assistance under the CCDBG	----	----	

March 27, 1998

MEMORANDUM

To: **Democratic Members, Committee on Ways and Means**

From: **Deborah Colton**
Shannon Rudisill

Subject: **Background on Child Care**

In recent years, child care has become one of the most pressing issues facing America's working families. There are several reasons why child care is an issue of particular relevance now. More women are working than ever before, in order to support their families, making the demand for child care higher than it has ever been. In addition, the more stringent work requirements that result from welfare reform will contribute to the already escalating demand for child care.

At the same time that more and more children are spending time in child care, recent scientific research has pointed to the importance of the first years of life for early brain development, the foundation for all of a child's future learning. Because of the need to nurture early brain development, the quality of care which we provide for our children is crucial. Mounting evidence indicates that the quality of much of the child care in America not only fails to promote early development, but also places young children's safety at risk.

Finally, the supply and quality of care for school-age children is also of increasing concern. Because data suggest that school-age children are most likely to engage in risky behaviors such as violence and substance abuse during after-school hours, more emphasis is being placed on providing supervised arrangements for school-age children during their out-of-school time.

This memorandum outlines the current facts about child care and its use in the United States, briefly summarizes the major Federal programs that support child care, and reviews President Clinton's FY 1999 child care-related budget proposals. We hope you will find it a useful reference tool for the child care debate.

THE CURRENT STATE OF CHILD CARE IN AMERICA

RISING DEMAND FOR CARE:
Large numbers of working mothers

- Of the 32 million American families with children under age 14, 69% have a mother who worked sometime in the past year. (March 1997 Current Population Survey)

- In the nearly 18 million families with at least one child under 6, 65% of mothers worked sometime in the past year. (March 1997 Current Population Survey)

- In married couples with children under 14, 73% have a mother who worked during the past year. (March 1997 Current Population Survey)

- In 1994, 62% of married mothers with a child under age 6 were in the workforce, compared with 30% in 1970. (Child Care Bulletin, Issue 17, Sept./Oct.1997)

- In 1994, 40% of preschool children under the age of 5 hae full-time at-home mothers. 18 percent of children younger than 5 have mothers who work part-time. (Children's Defense Fund, Feb. 1998 from Census data)

WHERE THE CHILDREN ARE:
Large numbers of children are in child care

- In 1995, of the 21 million children in the United States under age 6, 12.9 million were in child care. (National Center for Education Statistics)

- As of 1995, forty-five percent of children under age one were in child care on a regular basis. (National Center for Education Statistics)

Parents Choose a Variety of Settings

- In 1995, 31% of children under the age of five with a working mother were in center-based care (including preschool arrangements). (National Center for Education Statistics)

- According to the National Center for Education Statistics, in 1995, 16% of children under five with working mothers were in family child care (in the home of a nonrelative). Another 4-5% of children received care from a non-relative in the child's own home.

- Over time, there has been an increase in the use of center-based care. Experts attribute this in part to the fact that center-based care is often more reliable and perceived to be of higher quality for preschoolers. This hypothesis is buttressed by evidence that parents with higher incomes and mothers' with higher educational attainment choose center-based care more often than those with lower incomes and less education. This is an indication that, as families can afford it, they tend to come into the formal market for center-based care. However, for very young children, families often indicate that they prefer home-based settings, particularly with relatives.

Families in which a Parent Stays Home

- Not all American families include a mother who works outside the home. Of the 14 million families with children under age 14 with total family incomes under $30,000, 35% have mothers who did not work at all during the past year. For those families with total incomes of $30,000 or more, 19% have a mother who did not work at all during the past year. (March 1997 Current Population Survey)

- Of the 22 million married-couple families with children under age 14, 27% have a mother who did not work at all during the past year. (March 1997 Current Population Survey)

- Even in families where the mother is *not* in the labor force, 32% of preschool children participate in some type of child care or early education program. (National Center for Education Statistics, 1995)

AVAILABILITY OF CARE:
A Crucial Workforce Issue

- A recent Harris poll found that 43% of respondents indicated that they or their spouse could not take a job that they wanted because they did not have satisfactory child care.

- When the supply of care is low, parents often are forced to choose ad hoc arrangements, including leaving children with a variety of neighbors, cobbling together whatever arrangements they can. These sorts of arrangements tend to be less reliable. A recent *Parents Magazine* poll found that among the 452 respondent families, 588 full days of work and 2044 partial days of work were missed just in the preceding three months, due to a child care emergency.

AFFORDABILITY ISSUES:
Parents Struggle to Afford Care

- Families with annual incomes under $14,400 that paid for care for children under age 5, paid 25% of their incomes for child care, compared with 6% of incomes spent on child care for families with incomes of $54,000 and above, according to Census data from 1993.

- In 1993, the average weekly cost per preschool child in paid child care arrangements was $60 ($3000 per year). For infant children, the cost averaged $66 per week ($3432 per year). The average cost for families with preschoolers was just over $4100 per year, reflecting the fact that many families have more than one child in care. (Census Bureau)

- In 1995, for families with annual incomes between $33,600 and $56,700 and children under age 2, child care was their third largest expense, after housing and transportation. For families in that income range with children between the ages of three and five, child care was second only to housing. These families spent more on child care than they did on food or health care. (Census Bureau)

- As cited above, parents report paying between $3000-$3500 in 1993 for care for their young child, not counting public subsidies or private benefits (such as United Way funds or employer-provided subsidy) that may have helped reduce the cost to the parent. In comparison, in 1996 the GAO reported that tuition and fees at a public college or university averaged $2700 per year, but a family might actually pay less if the student received a scholarship. Therefore, for some families, the cost of care for young children exceeds the cost of sending a child to a public college or university. Furthermore, families pay for child care at an earlier stage in their working lives, when they generally have lower incomes and fewer accumulated resources than they will have when the child enters college. (*Financing Child Care*, Mitchell and Stoney, 1997)

States Stretch Child Care Dollars Thin,
Making Care Less Affordable for Families

- In a February 1998 study, the HHS Inspector General found that although experts recommend that poor parents should be required to pay no more than 10% of their incomes for care, at least 22 States require families who receive a subsidy to pay a copayment that is higher than 10% of their incomes.

- HHS expects State subsidy programs to reimburse providers at the 75th percentile of the local market rate, to ensure that families using a subsidy to pay for care can choose affordable care in the local market. Despite this recommendation, the HHS Inspector General found that 29 States do not make payments to providers based on the 75th percentile of the market rate. In part because of the low reimbursement rates, some providers require families to pay the difference between the subsidy and the cost of care, *over and above the copayment that the family has paid in the subsidy program.*

QUALITY:
What is Quality?

In the political arena, the definition and measurement of "quality" child care have been controversial for many years. Nevertheless, child development and child care experts have identified a range of practical characteristics which indicate child care quality. Most of these factors are the same ones that would be in place in a safe and healthy home environment, while others are specifically required because of the nature of taking care of children in groups, outside of their own homes.

The following are <u>examples</u> of quality factors. This list is illustrative, not comprehensive or exhaustive.

- **A Safe Facility**
  - Cleaning agents and medication out of children's reach
  - Playground equipment in good repair
  - Sanitary diaper and toileting areas
  - Smoke detectors, fire alarms, and posted evacuation plans

- **Well-Trained Providers**
  - CPR and First Aid Training
  - Child Development Training
  - An Early Childhood Education credential or degree

- **Appropriate Group Sizes and Staff/Child Ratios**
  - Small enough classes and enough adults to provide adequate supervision
  - Small enough classes and enough adults for individual attention to the growth and development of each child

- **Low Staff Turnover**
  - Children, especially younger children, need to form lasting ties to caregivers and not have relationships frequently severed

- **Appropriate Curricula and Classroom Policies**
  - Learning activities appropriate to children's ages and abilities
  - Appropriate disciplinary practices
  - Policies and practices that promote the inclusion of children with disabilities

The Importance of the Early Years of Life

Neuroscientists have recently developed a better understanding of brain development, particularly the importance of the earliest years of life.

- In the first years of a child's life, the brain is developing rapidly by creating "connections" between cells that allow the brain to function. By the time a child is three years old, he or she may have developed up to 1000 trillion connections, twice as many as he or she will have and use as an adult. In order to increase the efficiency of the brain, the connections begin to disappear as the child ages. The child's experiences determine, in large part, which connections remain. Those paths that are used frequently are made permanent, while those that are used less frequently disappear. Therefore, a variety of experiences that utilize and stimulate the young child's brain help determine the "brain circuitry" that will be in place throughout life. ("Brain Facts," I Am Your Child Information Campaign).

Impact of Child Care Quality on Development and School Readiness

- The National Institute of Child Health and Human Development (NICHD) released findings in April 1997 which showed "small but consistent findings ...that the higher the quality of child care in the first three years of life the greater the child's language abilities at 15, 24, and 36 months, the better the child's performance on the Bayley Scales of Infant Development at age two, and the more school readiness the child showed at age three." (NICHD statement, April 3, 1997).

- The National Center for Early Development and Learning reports that: "Outcomes related to quality include cooperative play, sociability, creativity, ability to solve social conflicts, self control, and language and cognitive development." (Early Childhood Research &Policy Briefs, Fact Sheet, Summer 1997)

Concerns about the Quality of American Child Care

- A four-state study of quality in child care centers found only one in seven, or 14%, were rated as good quality. (Cost, Quality, and Child Outcomes in Child Care Centers, University of Colorado- Denver, 1995)

- Thirteen percent of regulated and 50% of non-regulated family child care centers offer care that is inadequate. (The Study of Children in Family Child Care and Relative Care, Families and Work Institute, 1994)

Despite Risks for Children After School,
there is a Shortage of School-Age Care

- Youth between the ages of 12 and 17 are most at-risk of committing violent acts or being victims between 2:00 p.m. and 6:00 p.m. (*Fight Crime: Invest in Kids,* Office of Juvenile Justice and Delinquency Prevention)

- A study of low-income third graders in Milwaukee found that, even though family incomes for children in formal after-school programs were lower, they had better grades in reading, math, and conduct and were rated by their teachers as having better work habits and peer relations than children who were informally supervised or not supervised by an adult after-school. (Posner and Vandell, Child Development 65, 1994)

- A study by the National Center for Education Statistics in 1993-1994, found that 70% of schools did not offer extended learning programs.

WHAT THE FEDERAL GOVERNMENT IS DOING

Outlined below are the primary ways that Federal policy has sought to improve the affordability, availability, and quality of child care.

(Note: These descriptions of current policy draw heavily on the CRS Issue Brief: Child Care Legislation in the 105th Congress.)

STRATEGIES TO IMPROVE AFFORDABILITY & SUPPLY OF CARE

The Child Care and Development Block Grant

The Child Care and Development Block Grant (CCDBG) is the primary Federal program that supports child care. The CCDBG was created in 1990 and reauthorized and significantly expanded in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. In the House, both the Committee on Ways and Means and the Committee on Education and the Workforce have jurisdiction over this program.

The CCDBG provides block grants to States, based on formulae, to provide child care subsidies to low-income families. Families meet Federal eligibility guidelines if they are working or in training, earn less than 85% of State Median Income (SMI), and have a child under age 13. Under this definition, approximately 10 million children are eligible for child care subsidies under CCDBG.

However, most States set their eligibility lower than 85% of SMI, due to the heavy demands placed on the funds by families at lower income levels. States are also required to target 70% of the funds to families who receive public assistance, are transitioning off public assistance, or are at risk of going onto public assistance. States are required to match a portion of the Federal funding, based on the Federal Medical Assistance Percentage rate and meet maintenance of effort requirements.

States generally provide care through vouchers and certificates that allow parents to place their children in the care of the provider of their choice, whether it is center-based care, a family home provider, or, in some States, relative care. However, providers are required to meet all applicable licensing standards as set by the State. Where the supply of care is inadequate to meet the needs of families, some States provide contracts or grants to specific providers to increase the supply of care.

The Personal Responsibility Act allows the Secretary of HHS to set-aside not less than 1% and not more than 2% for grants to Tribes. The Secretary has chosen to provide a 2% set-aside for the Tribes. States must spend a minimum of 4% of the total CCDBG on quality activities and may spend no more than 5% on administrative costs.

The CCDBG is funded through both discretionary and capped entitlement grants on the Federal level. In FY 1998, $3.1 billion was appropriated for the CCDBG. Under the Personal Responsibility and Work Opportunity Reconciliation Act, funding will increase to $3.7 billion in 2002. *According to HHS, CCDBG served about one out of every 10 eligible children in 1995, the latest year for which data are available.*

One question that has been raised regarding the expansion of the current CCDBG is whether States are spending the funds which they receive under the current authority. In fact, States have obligated (committed to spend through agreements, contracts, etc.) over 99% of their FY 1997 funds. By law, they are not required to actually expend the funds until the end of FY 1998.

Child care outlays drawn from the Federal Treasury were at 72% in FY 1997, however HHS expects all States to expend all of the funds by the end of FY 1998, as required by law. According to CBO, these outlays represent an 8% increase over FY 1996. Further, CBO projects that the outlay rate increase will be 20% between FY 1997 and FY 1998, indicating that States are utilizing the additional funds provided to them in the Personal Responsibility Act. Although, as with many programs, States may be experiencing an adjustment period to build an infrastructure to expend significant additional funds, CBO does project that States will, within five years, "catch up" and spend all of their money in the year in which it is received.

The Child and Dependent Care Tax Credit

The Child and Dependent Care Tax Credit (CDCTC) is a nonrefundable credit, which equals a percentage of the taxpayer's child care expenses. The credit percentage begins at 30% with $10,000 of adjusted gross income and is phased down to 20% for taxpayers with adjusted gross incomes of $28,000 or more. The maximum amount of eligible expenses is $2400 for one child (under age 13), and $4800 for two or more children. The credit can also be taken to pay for care of a disabled dependent or spouse. Due to the nonrefundable nature of the CDCTC, it does not assist taxpayers who earn too little to have positive tax liability. Revenue loss associated with this tax credit is estimated to be $2.5 billion in FY 1998.

Head Start

Head Start is administered by the Federal government directly to community grantees to provide comprehensive early childhood services to low-income children. Head Start serves primarily preschool children, although the Early Head Start program, which is much smaller than preschool Head Start, serves children ages 0-3. Head Start has historically been designed to intensively serve the developmental needs of children, but not to serve the child care needs of working families. Programs have typically operated on a part-year and part-day basis. However, more and more grantees are expanding their service to better fit the needs of working families, including the formation of partnerships between Head Start programs and child care programs on the local level. Head Start received $4.355 billion in appropriations in FY 1998. Head Start's authorization expires at the end of FY 1998. It is within the jurisdiction of the Committee on Education and the Workforce.

Social Services Block Grant (SSBG)

Title XX of the Social Security Act authorizes the Social Services Block Grant, a capped entitlement to the States, allocated based on their populations. SSBG gives States significant flexibility in funding, with no matching requirement and few restrictions. The Congressional Research Service found that in FY 1995, approximately 15% of the SSBG was used by States to pay for child care. Child care services funded under SSBG must meet applicable State and local standards. The current funding ceiling is $2.38 billion, but Congress appropriated $2.299 billion in for FY 1998. President Clinton's FY 1999 budget proposes to reduce SSBG funding by $400 million, presumably, retargeting those funds to CCDBG. SSBG is within the jurisdiction of the Committee on Ways and Means.

QUALITY ENHANCEMENT STRATEGIES

The Child Care and Development Block Grant requires that States set-aside not less than 4% of the total funds to improve the quality of child care. States use this money, as well as other resources, in a variety of ways to ensure the safety of children in child care and promote children's healthy development. With the CCDBG money, States can undertake quality activities to benefit all of the children in care in their State, including those who do not receive subsidy. State child care administrators report tension between funding quality initiatives and addressing the high, unmet demand for subsidies. Based on discussion with state administrators, a 1995 report by the National

Research Council, Institute of Medicine stated, "the set-aside appears to have shored up relatively fragile state and local efforts to improve child care quality and protected a pool of funds that would otherwise have been channeled directly into subsidies."

Ways to Promote the Elements of Quality

States and local communities, along with professional early childhood education groups, have explored strategies to promote quality. Following are examples of the types of activities States fund:

- **Licensing and Enforcement:**
  - Strong State and local licensing standards
  - Enforcement through unannounced visits to programs
  - Grants and loans to help providers who want to obtain a license, make required improvements, or offset the licensing fee

- **Accreditation:**
  - Grants and loans to help providers meet accreditation standards
  - Technical assistance on meeting accreditation standards

- **Training Providers:**
  - Affordable basic training in health, safety, and child development
  - Scholarships to encourage attainment of credentials or degrees
  - Training linked to better compensation to reduce staff turnover

- **Lower Staff-Child Ratios and Group Sizes**

- **Consumer Education:**
  - Information and education for parents on how to find quality care

- **Supports for Family Child Care Providers**:
  - Training opportunities
  - Back-up care to cover provider's illness and emergencies

- Equipment and resource lending
- Networks of family child care homes to provide support services

- **Lower Staff Turnover through Increased Training and Compensation**

- **Promote the Inclusion of Children with Special Needs**
  - Specialized child care resource and referral for parents
  - Provider training on including children with special needs

- **Screen Providers**
  - Criminal record and child abuse background checks

PRESIDENT CLINTON'S FY 1999 CHILD CARE PROPOSAL

As part of his FY 1999 budget, President Clinton has proposed a child care initiative. The proposal is a direct response to the White House conference on child care held in the Fall and is a combination of direct grants and tax credits.

The total package costs $21.3 billion over 5 years. The President has indicated his desire to use part of the Federal share of Medicaid money resulting from the tobacco settlement to fund a third of the package. The remainder is accommodated within the Administration's overall budget. Specific "pay fors" have not been identified.

There are four elements to the President's proposal: expansion of the current child care development block grant, an increase in the child and dependent care credit, a new tax credit to reward businesses that help employees with child care, and a series of initiatives designed to improve the quality of child care.

Child Care and Development Block Grant

Current law.-- Under current law, entitlement funds totaling $1 billion per year are available to States through the Child Care and Development Block Grant (CCDBG), the primary Federal subsidy program to pay for child care. The authorization for this program was renewed in the 1996 welfare reform law, through 2002.

Proposal.-- The President is proposing to increase funding for CCDBG by $7.5 billion over 5 years. This would double the number of children receiving child care subsidies to more than 2 million. States may use the funds to subsidize child care and to improve the quality of care.

Child and Dependent Care Tax Credit

Current law.-- There are two provisions of current law that provide benefits to individuals incurring child care expenses necessary for employment, the dependent care credit (section 21) and an exclusion of employer-provided child care assistance (section 129).

The dependent care credit is a nonrefundable credit equal to a percentage of the taxpayer's child care expenses. The credit percentage starts at 30 percent and is phased down to 20 percent between $10,000 and $30,000 of adjusted gross income. The maximum amount of expenses eligible for the credit is $2,400 for one child and $4,800 for two or more children. An eligible dependent is a child under 13, or a disabled dependent or spouse.

Current law also permits employees to exclude child care assistance provided by their employers. The maximum exclusion is $5,000 ($2,500, if married filing separately) regardless of the number of children. This provision is more beneficial than the dependent care credit for employees with incomes subject to marginal rates above 20 percent, but is available to employees only if the employer offers this benefit.

Proposal.-- The Administration proposes to increase the credit percentage applicable under the dependent care credit. The proposal would provide a 50-percent credit rate for taxpayers with incomes under $30,000. The credit rate would be phased down to 20 percent between $30,000 and $59,000 of adjusted gross income. The proposal would not change the dollar limitation on the amount of expenses that can be taken into account. Thus, the maximum amount of eligible expenses would remain at $2,400 for one child and $4,800 for two or more children. The President's proposal would increase the credit for families earning less than $60,000, providing an additional average cut of $358 for these families and eliminating income tax liability for almost all families with income below 200 percent of poverty ($35,000 for a family of four) that take the maximum allowable child care expense under the law. It is estimated that the proposal would cost $5.2 billion over 5 years.

The proposal also would provide a new tax credit to employers providing dependent care assistance to their employees by 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 amount of the credit would be 25 percent of the employer's expenses and may not exceed $150,000 per year. Under current law, employers receive a normal business deduction for those expenses but do not receive any special tax benefits. It is estimated that this proposal would cost $500 million over 5 years.

Analysis.-- The *actual* benefits received under the President's proposal vary widely, depending on the number of children and marital status. It will have a far less dramatic impact than one might have expected. Because the credit is not refundable, it is useless for many families with incomes below $30,000. In addition, the alternative minimum tax diminishes the benefit for single taxpayers with incomes of approximately $30,000 or more.

Quality Initiatives

Finally, President Clinton has proposed a series of initiatives designed to improve the quality of care for children. Included are:

- **An early learning fund.**-- providing challenge grants to States for distribution to communities to improve early learning and child care for children zero to five. A wide range of activities are permitted, designed to improve the training and education of providers, help in meeting accreditation requirements, establish better linkages to health professionals and permit smaller child-to-staff ratios. A total of $3 billion over 5 years would be made available to the fund.

- **An expansion of Head Start.**-- investing $3.4 billion over five years to deliver on the President's commitment to serving one million children by 2002, and to double the number of infants and toddlers in Early Head Start to 80,000. More detail on this proposal will be available as part of the discussions on reauthorizing Head Start, later this year.

- **Funds to improve licensing and enforce health and safety standards.**-- funding State efforts, including increased unannounced inspections of child care settings, and based, in part, on the military's model child care program. A total of $500 million over 5 years would be available for this purpose. Separately, the President has already taken steps to facilitate background checks on child care providers.

- **Scholarships and training for child care providers.**-- investing $250 million over 5 years to support 50,000 scholarships per year to students working toward a child care credential.

- **Investments in research.**-- totaling $150 million over 5 years to support data collection, research and evaluation. This includes support for a National Center on Child Care Statistics and a child care hotline that would help parents find appropriate quality child care for children.

- **Better after-school care.**-- including an $800 million expansion of the 21st Century Community Learning Center Program which provides start-up funds (with a local match) to school-community partnerships to establish before- and after-school care for school-age children.

Parents who Choose to Stay at Home

The President's initiative does not include a proposal for parents who choose to stay at home, however the Administration has said that they are open to ideas.

Most options to assist stay at home parents rely heavily on the tax system and consist of either allowing them to take advantage of the Child and Dependent Care Credit or expanding the Child Tax Credit for all families. Initial analyses of these options show that they are expensive options on a national level and provide only marginal benefits to individual families. While an additional benefit would be helpful for single-earner families, the proposals that have been advanced thus far will not provide enough money per family to allow or encourage many more parents to stay home.

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Childcare Legislation Concepts

We encourage the support of child care legislation which has as its goal the creation of affordable child care spaces in good quality child care centers which address the physical, emotional and educational growth of the children in their care. This can be accomplished in a variety of ways; four ideas follow.

1. Children First Tuition Tax Credit for Childcare Providers

Provide a per child refundable federal income tax credit to child care centers offering child care at the established "Children First" child care rate (established rate to be determined regionally, i.e., similar to the federal high cost/low cost per diem rates). This rate will be offered to families meeting low income guidelines. (also determined regionally).

Example: Center X provides 10 spaces at the "Children First" regional rate to low income parents. The "Children First" rate for Center X's region is $60.00/week, or $3,000.00 for 50 weeks (annual cost). Center X receives a refundable federal income tax credit in the amount of 20% of the "Children First" child care tuition received.

Computation of Tax Credit
Credit = 20% of "Children First" tuition received

10 spaces x $3,000 = $30,000
20% credit = $ 6,000

Note: A 20% tax credit is assumed in this example.

2. Children First Wage and Benefit Tax Credit for Childcare Providers

Provide a refundable federal income tax credit to child care centers participating in the "Children First" program for certain wage and benefit increases. The credit would be based on the qualified hourly wages paid above the industry average hourly wage plus corporate paid employee medical benefits. This tax credit incentive would be available for wages and benefits paid to direct care providers only, not administrative staff. The credit would also be available only to providers actually providing spaces at the "Children First" tuition rate.

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b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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Example: Center X actually provides spaces at the "Children First" tuition rate. Center X raises hourly wages for its direct care staff from the industry average for Center X's region of $6.50 to $8.00 per hour, resulting in a $240 per month, or $2,880 per year, increase. Center X also provides a subsidized medical plan which costs Center X $50 per month per employee, or $600 per year. Center X has ten direct care employees, resulting in an annual total qualified wage increase of $28,800 and annual qualified corporate paid employee medical benefits of $6,000.

Computation of Tax Credit

Credit = 20% of qualified wages plus qualified corporate paid medical benefits

10 employees x $2,880	= $28,800
10 employees x $ 600	= $ 6,000
Total qualified costs	= $34,800
20% credit	= $ 3,480

3. Provide adequate funding to Headstart to increase availability on a regional basis so that 75 % of qualifying families have access. Perhaps qualified Americorps volunteers could be utilized in Headstart centers and/or be assigned as interns to private childcare centers.

4. Encourage free/low cost after school programs at the elementary and intermediate school level by providing incentives to states to provide these programs. Child care in the form of after school programs for this age group is particularly important because crimes against (and by) youth peak in the 3pm - 5pm time window.

Kimberly [illegible]

P6/(b)(6)

Friendswood, TX 77546

Congress of the United States
Washington, DC 20515

March 31, 1998

The Honorable Newt Gingrich
Speaker of the House
H232 Capitol Building
Washington, D.C. 20515

Dear Newt:

As members of the Congressional Caucus for Women's Issues, we are writing in support of congressional action during this session on legislation to promote quality child care choices for all American families. **Child care must remain a priority for this Congress.**

We have developed bipartisan consensus on a list of principles that should govern new child care spending this session. These concepts, as well as viable funding proposals, are contained in many of the over 50 bills that have been introduced to date. We believe these principles contain a bipartisan set of goals that will dramatically help the millions of families who struggle every day in America with difficult child care decisions. These decisions are extremely personal. Many parents feel handcuffed by economic concerns, others worry about the safety of child care, and others have children with needs that require special settings. We must respect and enable parents' ability to make the child care choice that is best for their situation. While all families face different circumstances that make their decision-making process unique, they all are confronted with issues related to availability, affordability and quality of care.

Congress can and should take actions that will improve parents' prospects for finding child care that meets these concerns. If we expect our work on welfare reform to be successful, we have to face the hard facts that child care is a necessity for helping parents find independence from public assistance. The Bureau of Labor Statistics reported that in 1996, 96 percent of fathers and 63 percent of mothers with children under age 6 worked. Some of these parents worked part-time and others worked full-time, but they all faced decisions about what to do with their children when they were at work. For most families in America today, child care is not an option, but a necessity. For most working parents, child care is not a luxury, but a fact of everyday life.

These are the key principles on which the Women's Caucus has found bipartisan support. Each principle complements the others and all should be included in any legislation that comes before the House.

> **Increase Certificate Funding for Low-Income Families** — We have put tremendous pressure on the states to comply with our work targets as part of welfare reform. This pressure is causing states to invest the majority of their Child Care and Development Block Grant (CCDBG) funding in finding child care for families who are leaving welfare. This help is crucial for families gaining independence. But if that independence is to be permanent and if the thousands of low-income families who are struggling to maintain jobs are to stay off welfare, we have to invest additional funds in CCDBG to give states the resources they need to meet the increasing demand for

vouchers. When you visit day care centers, you hear of the pressure to drop very low-income working families who have not been on welfare to make room for women coming off welfare. This is unfair and intolerable. It also will not accomplish our goal of fostering work.

Lower Taxes for Working Families and Stay-at-Home Spouses — We must modernize the Dependent Care Tax Credit to provide more realistic assistance for low- and middle-incomes families who pay taxes. This would allow families to lower their taxes, keep more of their income and help meet child care expenses. In addition, we should seriously consider changing the DCTC to make it available to families in which one spouse stays at home to care for children. If the income guidelines are met, the DCTC should flow to the family regardless of whether a parent or provider cares for the child.

Promote Quality Child Care — Since quality in child care services varies throughout states and localities, we must give communities the flexibility to design programs that best fit their needs. While there is no one-size-fits-all solution for quality child care, there are things we can do at the federal, state and local levels to improve and enhance the quality of care our children receive. These initiatives could include assisting states in enforcing health and safety standards and state-determined staff/child ratios for center-based care, improving provider and parent training and education in early childhood development, and encouraging competitive wages for child care workers.

The Women's Caucus supports action on these critical issues and encourages the Leadership to move forward with legislation before the 105th Congress adjourns. **We urge you to join us in finding room for increased funding for child care within our commitment to a balanced budget.** We must listen to the concerns of America's working families and help them meet their child care needs.

Sincerely,

Nancy L. Johnson | Eleanor H. Norton

Sue Kelly | Carolyn B. Maloney

Connie Morella | Ellen Tauscher

Congress of the United States
Washington, DC 20515

April 1, 1998

The Honorable Bill Archer
Chairman
U.S. House of Representatives
Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

We are writing to urge you to bring comprehensive child care legislation before the Ways and Means Committee as soon as possible. As you know, President Clinton proposed an initiative to improve the quality, safety and affordability of child care nearly three months ago and many Members also have legislative proposals pending before the Committee. However, the Committee has yet to hold even a single hearing on this issue which every day impacts the safety and development of our children and the economic security of millions of working Americans.

The facts on child care speak for themselves. In the nearly 18 million American families with children under the age of six, 65% of their mothers work. Furthermore, even in families where the mother is *not* in the workforce, 32% of preschool children participate in some type of child care or early education program. These statistics clearly illustrate the growing need for quality child care, but they do not depict the daily struggle millions of American families have in paying for day care. For middle-income families with children under the age of two, child care now represents their third largest expense, surpassed only by housing and transportation. The picture for low-income families is even bleaker: those that paid for care for children under the age of five lost 25% of their income to child care expenses. And finally, let us not forget the scientific evidence illustrating that the *quality* of day care will have a direct impact on a child's intellectual growth and future ability.

For all of these reasons, we believe the Ways and Means Committee should consider comprehensive child care legislation before the end of this legislative session. We look forward to your reply to this letter and to working with you to develop a proposal that will help American families meet the dual challenges of working and raising a family.

Sincerely,

Barbara B. Kennelly
BARBARA B. KENNELLY
Member of Congress

SANDER LEVIN
Member of Congress

Charles B. Rangel
CHARLES RANGEL
Member of Congress

Robert T. Matsui
ROBERT MATSUI
Member of Congress

Jim McDermott
JIM McDERMOTT
Member of Congress

Ben Cardin
BENJAMIN CARDIN
Member of Congress

Karen L. Thurman
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William J. Coyne
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Member of Congress

Michael R. McNulty
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Richard E. Neal
RICHARD NEAL
Member of Congress

John Lewis
JOHN LEWIS
Member of Congress

Pete Stark
PETE STARK
Member of Congress

Xavier Becerra
XAVIER BECERRA
Member of Congress

John Tanner
JOHN TANNER
Member of Congress

ELEANOR HOLMES NORTON
DISTRICT OF COLUMBIA

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE

SUBCOMMITTEES
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WATER RESOURCES AND
ENVIRONMENT

COMMITTEE ON
GOVERNMENT REFORM AND
OVERSIGHT

SUBCOMMITTEE
RANKING MINORITY MEMBER,
DISTRICT OF COLUMBIA

Congress of the United States
House of Representatives
Washington, D.C. 20515

Statement of Eleanor Holmes Norton at the Women's Caucus and Lifetime Television Child Care Priorities Press Conference

March 31, 1998

With the help of Lifetime Television, the Women's Caucus is today announcing a campaign to secure child care legislation which gives choices to at-work and at-home families when there is no way to care for their children. Though the women Members of Congress have different views on how to provide child care, we are one in saying that there must be child care legislation this session of Congress. Some of us want certificates that low-income families can use in child care facilities. Others want lower taxes for spouses who decide to stay home. All of us want to promote greater quality in all child care. The Women's Caucus recently had a groundbreaking hearing on the astounding new science on the brain development of a child 0-3. The basic cognitive, linguistic, emotional, and motor skills develop in the first three years. These critical life skills depend on high quality child care.

Last year, child care to get people off welfare was the child care issue. This year's issue must be child care for working families. This year, low income families are literally uncompetitive with welfare families because child care block grant funds are going to welfare families. We must not send the message that to get child care you have to go on welfare first. Today we must send the opposite message must be true: get a job and we will help you get child care.

Lifetime Television can help us relieve the silent crisis which is forcing millions of working families alone, beleaguered, and strapped to leave their children in place and in ways that they cannot justify. I support President Clinton's comprehensive bill, but in the face of the crisis we are facing, none of us should cling to the notion of my way or no way.

Rather we must come together around basic cild care goals for children and families and provide basic relief to low and moderate income families desperate for that relief. Lifetime Television and the Women's Caucus are leading the way. We know we are leading the way for millions of Americans.

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ELEANOR HOLMES NORTON
DISTRICT OF COLUMBIA

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE

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PUBLIC BUILDINGS AND
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OFFICE OF THE ASSISTANT SECRETARY FOR LEGISLATION
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Jen Klein/Nicole Rabner/

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TOTAL PAGES (INCLUDING COVER): 4

REMARKS:

Senate Finance Committee
Subcommittee on Social Security and Family Policy Subcommittee
Child Care: Affordability, Accessability, and the Needs of the States
April 22, 1998
Senator Chafee, Chair

Attending: Hatch, Spector, Roberts, Moseley-Braun, Nickles, Snowe

Summary: Senator Dodd made a statement and there were three panels representing both working and stay-at-home parents, the business community, and the states. Overall it was a balanced approach that highlighted the great need for affordable, accessible, quality child care.

Opening Statements: Hatch recognized that more needs to be done for child care, particularly for low-income families. Roberts' noted that child care is a major factor in dependency on federal support as mothers leave welfare to go to work. Nickels made it clear that the President's proposal ignores stay-at-home parents and demanded a more equitable approach. Moseley-Braun pointed out that our policy requires parents receiving welfare to go to work, and advocated additional choices for parents working in or out of the home.

Panels: Senator Dodd highlighted the tremendous need for attention on this issue and urged a bipartisan effort on child care this year.

Parents: Paula Broglio is a single mother who highlighted how difficult it is to find quality child care that is also affordable. Jolene Ivey spoke for MOCHA Moms, a support group for African American stay-at-home mothers. She emphasized that staying home to care for children is a choice, one that requires sacrifices and acceptance of a scaled back lifestyle, and noted that the existing tax code does not respect that choice. Beverly Smith is a single working mom of three children, one of whom is autistic. She spoke of the difficulties of finding an arrangement for her child with special needs and how expensive these limited options are. Susan Dutcher is also a stay-at-home parent who pleaded with the Committee not to craft public policy that devalues her work and to revamp the tax code to provide more individual choice as to how that money is spent. Finally, Susan Muenchow, Executive Director of the Florida Children's Forum, spoke of that state's research and referral network and their successful public-private partnership to provide child care.

Chafee asked Muenchow what was happening to the 2/3 of Florida's children 5 - 12 years of age not enrolled in after-school care. She replied that most were being left alone, some in situations that compromised their safety.

Snowe commented that the panel's collective testimony represented the diversity of the problem, and asked each person to suggest one thing the Congress can do that would be particularly helpful for their situation. Dutcher - cut taxes across the board, reduce the tax burden; Smith - improve the availability of child care, particularly quality child care and especially for children with disabilities; Broglio - employers need to help with child care if they want to retain employees; Ivey-supports tax credit for stay-at-home parents as outlined in Chafee's bill.

Nickles noted that Broglio's child is in day care at a Catholic school and asked whether she thought the President's proposal should apply to religious organizations, emphasizing how troubled he was that the proposal excludes them. Prompting by Mary and Joan resulted in Chafee clarifying that the President's proposal does indeed cover religious organizations, but Nickles was fixated on after-school care. He then went on to question Muenchow as to how much it would cost the state of Florida to meet national accreditation standards and how such a requirement would raise the cost of care. She recommended an increase in mandatory funding for the CCDBG, which the states are already equipped to deal with, and assistance from the business community. A discussion about the tax credit as it currently exists and as proposed in Chafee's bill ensued, with participants demonstrating confusion on the actual numbers.

Businesses: Donna Mundy represented UNUM, a company of approximately 7,200 employees that has been offering on-site child care for 19 years. Although she noted that this arrangement improves employee productivity, the cost to the company is extensive (UNUM pays $100,000+ per year) and a tax credit would be a big help. Bob Hallenbeck represented ECS, a company of 400 employees that also provides on-site care. The company has noted a direct correlation between the operation of their child care center and their ability to recruit and retain employees. The parents appreciate the opportunity to visit their children during lunch, and even those without children like the center because it represents the value the company places on family. However, it cost the company $1.3 million to build the 10,000 square feet center and operation costs run $30,000 per month - their goal is to break even by the end of the year. Donna Klein of Marriott International detailed the on-site care provided at their headquarters in Bethesda, noting the inequity in providing care to headquarter employees and not the majority of their employees who are out in the field. Although their program has increased productivity and morale, they probably won't expand to meet the need due to the expense. She said corporate sponsorship of child care is a solution but not the biggest one, and advocated for an expansion of the CCDBG instead to increase the availability of care.

Chafee asked about transportation for after-school care and the panelists agreed this was a significant problem. Snowe asked if tax incentives would help and it was noted that anything that helps with the cost will be a help but that not all employers have big groups of employees in one area that a center would help, many are smaller or have employees spread out. Snowe asked what would motivate businesses and Mundy responded that business has a role but center-based care may not be the way to go, subsidies to pay for community-based care may be better. Snowe asked if they'd surveyed their employees to see what their problems are and Klein responded that you can't assume employees will bring their children to an on-site center. They've become accustomed to care in the home or neighborhood, and these kind of informal arrangements are what creates instability.

State representatives: Bernard Jackvony, Lieutenant Governor of RI, highlighted the state's Starting Right program and noted that RI is the only state in which child care is guaranteed to working families and it's the only state that provides health insurance to home-based child care providers in order to encourage employment in this sector. Christine Ferguson, Director of RI's Department of Human Services, suggested the Committee decide on an income level below which it is acceptable for both parents to work in order to stay of public assistance and offered child care assistance accordingly, and above which both working and stay-at-home parents are treated equitably. She also noted that it's actually cheaper to provide cash assistance to some welfare families that to transition them into the workforce. Rochelle Chronister, Secretary of the Kansas Department of Social and Rehabilitation Services, spoke of her state's efforts on child care. Mark Nadel of the GAO summarized the findings of the report they did on child care in the states, requested by Dodd.

Chafee asked Nadel why states haven't drawn down all their TANF money and he replied that there were several reasons, that it takes time to gear up and develop new subsidy programs, that it will take time to educate and outreach to the populations who need these services, and that the draw down is expected to increase over time. He further explained that when he was talking about states being able to meet the need, he was referring to those transitioning off welfare. However, all the states are having problems meeting the needs of the working poor and that it's very important to distinguish between these populations. Despite the flexibility provided to states, they've focused their attention on the welfare population. Chafee requested further clarification: those coming off welfare get assistance but those never on welfare get the shaft? Nadel assured him this was correct, but Chronister was quick to point out this was not the case in Kansas.

Chafee's final question to the state reps was how they would spend the money if they were to get double the money in CCDBG. Chronister replied they would fund new child care and they would especially talk to their business community to develop some models proven successful, and they would seek to improve quality. Ferguson pointed to the Starting Right program and explained that RI has a bipartisan plan ready if the money came through. They would increase quality, increase Head Start sites, expand capacity, expand after-school programs, raise reimbursement rates, increase training for child care providers, etc.

Chris Dodd
U.S. SENATOR FROM CONNECTICUT

NEWS

FOR IMMEDIATE RELEASE
January 26, 1998

Contact: Jennifer Greeson
(202) 224-0346

Dodd Announces Comprehensive Child Care Package to Encourage Quality, Assist Working Families

Washington — Senator Chris Dodd, ranking member of the Senate Subcommittee on Children and Families, will introduce innovative legislation to dramatically improve the state of child care in the country through initiatives that foster quality care, help working families grapple with skyrocketing costs and promote local, private sector involvement.

"We're facing a child care crisis in this country. It's time we give parents a greater choice and peace of mind as they juggle the responsibilities of work and home," said Dodd. "Unless we take necessary and dramatic steps to address this problem, our children and our nation will approach the 21st century at an extraordinary disadvantage."

Dodd's legislation, supported by such Senators as Tom Daschle (D-SD), Edward Kennedy (D-MA),Tom Harkin (D-IA), Barbara Boxer (D-CA), and Patty Murray (D-WA), addresses vital shortcomings in the current child care system by rewarding quality care, offering assistance or a tax credit for working families, increasing the supply of after-school care and encouraging private sector involvement. It also supports stay-at-home parents by providing them the same tax credit as working parents and calling for expansion of the Family and Medical Leave Act to an additional 13 million Americans.

The measure would enhance the quality of child care across the country through "Quality Bonuses." Through grants, efforts known to produce the greatest gains in quality such as better provider-child ratios, the enforcement of standards, background checks on providers, and parent education would be rewarded. Studies have shown that child care quality can be significantly improved with increases in investments of as little at ten percent.

Dodd's legislation would make public-private "challenge grants" available to local communities who generate matching funds from the private sector to create more child care slots and to improve the quality of care on a community-wide basis. It also encourages employer involvement by providing a 25 percent tax credit to organizations who run onsite, accredited care centers, contract with off-site accredited centers or contribute to the local match for the aforementioned challenge grants.

-more-

Chris Dodd
U.S. SENATOR FROM CONNECTICUT
NEWS

In an effort to alleviate the problem of children with no supervision or care during after-school hours, Dodd has included in his bill an initiative to increase the quality and supply of programs that serve children after school. This measure would increase the age of those able to participate from 13 to 15 years and allow for extended hours to meet the needs of working parents. Five million kids in this country are unsupervised between the hours of 3 and 6 p.m.

"The afternoon hours are often difficult for parents who work and can't be at home with their children when they return from school," said Dodd. "By offering kids stimulating and safe activities after school we'll help keep them out of trouble and on the right track."

Dodd, who is also chairman of "Right Start 2000: A Senate Democratic Strike Force for Kids," has led the national effort to improve child care during his tenure in the Senate. Several years ago he authored and won passage of the first comprehensive child care legislation since World War II designed to increase the quality, availability and affordability of child care options.

-30-

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Washington, D.C. 20201

TO: Child Care Group
FROM: Margaret A. Hamburg, M.D.
DATE: February 10, 1998
RE: Child care legislation

Attached are several documents related to child care legislation. They include:

- An update to the 1998 Side-by-Side Summary of Child Care Legislation -- new version dated *February 10, 1998(9:23 am)*.
- A comparison between the President's Initiative and the Chafee bill (S. 1577).
- A comparison between the President's Initiative and the Dodd bill (S. 1610).
- An update to page 14 of the 1997 Side-by-Side Summary of Child Care Legislation (previously distributed -- dated *February 4, 1998(12:53pm)*).

Jennifer Appleton is handling regular updates to these and other documents related to child care legislation. She can be reached at 401-6127.

CHILD CARE LEGISLATION – 105th CONGRESS, Second Session
1998

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 *announced 1/7/98*	$21.7 billion over 5 years.	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, doubling the number of children served by the grant by FY 2003.	Establishes a new Early Learning Fund -- $3 billion over 5 years -- which provides challenge grants to communities (distributed to states) to support programs to improve 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. Also supports enforcement of state child care health and safety standards, provides scholarships to up to 50,000 child care providers per year, facilitates background checks on child care providers, and invests in research and consumer education.	Expands the 21st Century Community Learning Center program by $800 million over 5 years 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. The President's Initiative also includes a collaborative effort involving numerous federal agencies to eliminate duplication and better coordinate federal funding for after-school programs in three to five pilot cities. Invests $3.8 billion over 5 years in order to meet the goal of serving one million children in Head Start and doubling the number of children served by Early Head Start by 2002.	Invests $5.2 billion over 5 years in the DCTC, increasing tax credits for three million working families with incomes below $60,000.	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).	Includes research on child care issues that could benefit low income families, innovations in the use of technology to promote distance learning and interactive computer programs in provider education and training, and demonstration projects to test new approaches to help new parents who choose to stay home to care for newborns or newly adopted children. Also includes a national center for child care statistics and a child care hotline.

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
S. 1577 **Chafee (R-RI)** *introduced 1/28/98* <u>Co-Sponsors</u> Hatch (R-UT) Snowe (R-ME) Roberts (R-KS) Specter (R-PA) Collins (R-ME) **H.R. 3144** **Johnson (R-CT)** *introduced 2/3/98*	----	Provides an additional $5 billion in discretionary funding over 5 years, doubling the discretionary authorization for CCDBG.	Authorizes $50 million per year 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.	----	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 3 and others who do not pay for child care.	Similar to President's Initiative, but credit covers 20% of expenses up to $500,000. Includes a demonstration project which authorizes $60 million over 3 years 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).	
H.R. 3129 **Roukema (R-NJ)** *introduced 1/28/98*	----	----	----	----	----	Authorizes funds through the Department of Education for grants to local educational agencies in order to work with the private sector to provide care to pre-Kindergarten children.	

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
H.R. 3135 Wygand (D-RI) *introduced 1/28/98*	----	----	----	----	Makes the DCTC refundable. Incomes of up to $18,000 eligible for 30% credit. Above $20,000 -- 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
S. 1610 Dodd (D-CT) *introduced 2/4/98* <u>Co-Sponsors</u> Akaka (D-HI) Biden (D-DE) Bingaman (D-NM) Boxer (D-CA) Bumpers (D-AR) Daschle (D-SD) Dorgan (D-ND) Durbin (D-IL) Feinstein (D-CA) Graham (D-FL) Harkin (D-IA) Inouye (D-HI) Kennedy (D-MA) Kerrey (D-NE) Kerry (D-MA) Landrieu (D-LA) Lautenberg (D-NJ) Levin (D-MI) Moseley-Braun (D-IL) Mikulski (D-MD) Murray (D-WA) Reed (D-RI) Reid (D-NV) Rockefeller (D-WV) Wellstone (D-MN)	Approximately $30 billion over 5 years.	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, doubling the number of children served by the grant by FY 2003.	Provides $3 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. Mandates that Federal child care centers obtain appropriate state and local licenses and comply with child care licensing requirements.	Expands the 21st Century Community Learning Center program by $1 billion over 5 years to provide funds to encourage schools to create before- and after-school programs. Provides $3 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 15.	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 (maximum credit $540). 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 $1 billion 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 credit 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.	Expands the Family and Medical Leave Act to include businesses with 25-50 employees.

Comparison Between the President's Child Care Initiative and the Chafee Bill (S. 1577)

Child Care Subsidies for Working Families
The President's Initiative provides an additional $7.5 billion in mandatory funding over 5 years through the CCDBG; the Chafee bill provides an additional $5 billion in discretionary funding.

Quality activities
The President's Initiative establishes a new Early Learning Fund – $3 billion over 5 years -- which provides funds to states for challenge grants to communities to support programs to improve early learning and the quality and safety of child care for children under six. Funds may be used for a variety of activities. The Initiative also supports enforcement of state child care health and safety standards, provides scholarships to up to 50,000 child care providers per year, facilitates background checks on child care providers, and invests in research and consumer education.

The Chafee bill authorizes $50 million per year to increase parental access to information and provide technological assistance to child care providers and workers. Funds could be used to collect and disseminate information and for grants to organizations to develop and operate training infrastructure. This bill also requires states to improve inspections and enforce existing state health and safety standards. It provides incentives to states that inspect facilities, as required under state law, and penalizes states that fail to meet inspection minimums.

Other Targeted Child Care Activities
The President's Initiative expands the 21st Century Community Learning Center program by $800 million over 5 years 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.

Dependent Care Tax Credits (DCTC)
The President's Initiative invests $5.2 billion over 5 years in the DCTC, increasing tax credits for three million working families with incomes below $60,000.

The Chafee bill increases the tax credit to 50% for families with incomes of less than $30,000. Eligibility is capped at $105,000. Also extends eligibility of DCTC to stay-at-home parents with children under 3 and others who do not pay for child care.

Employer Incentives
The President's Initiative includes approximately $500 million over 5 years for tax credits to businesses that provide child care services for their employees. The credit covers 25% of the qualified costs (maximum credit -- $150,000/year).

The Chafee bill is similar to President's Initiative, but credit covers 20% of expenses up to $500,000. The Chafee bill also includes a demonstration project which authorizes $60 million over 3 years in competitive grants to encourage small businesses to develop child care programs for their employees, and promotes greater availability of the Dependent Care Assistance Program (DCAP).

Research and Evaluation
The President's Initiative includes provisions for research on child care issues that could benefit low income families, innovations in the use of technology to promote distance learning, interactive computer programs in provider education and training, and demonstration projects to test new approaches to help new parents who choose to stay home to care for newborns or newly adopted children. It also includes a national center for child care statistics and a child care hotline.

COMPARISON BETWEEN THE PRESIDENT'S CHILD CARE INITIATIVE AND THE DODD BILL (S. 1610)

Child Care Subsidies for Working Families
Both the President's Initiative and the Dodd bill provide an additional $7.5 billion over 5 years in mandatory funding through the CCDBG to increase the number of child care subsidies available to working families.

Quality activities
The President's Initiative establishes a new Early Learning Fund -- $3 billion over 5 years -- which provides funds to states for challenge grants to communities to support programs to improve early learning and the quality and safety of child care for children under six. Funds may be used for a variety of activities. The Initiative also supports enforcement of state child care health and safety standards, provides scholarships to up to 50,000 child care providers per year, facilitates background checks on child care providers, and invests in research and consumer education.

The Dodd bill provides $3 billion in mandatory funding over 5 years through the CCDBG to encourage states to invest in child care and early childhood development quality activities. Funds may be used for a variety of activities. It also mandates that Federal child care centers obtain appropriate state and local licenses and comply with child care licensing requirements.

Other Targeted Child Care Activities
The President's Initiative expands the 21st Century Community Learning Center program by $800 million over 5 years to provide funds to school-community partnerships to establish or expand programs for school-age children; the Dodd bill expands the program by $1 billion over 5 years. The Dodd bill also provides $3 billion over 5 years through the CCDBG to increase the supply and quality of school-age care, and increases the age of children eligible to be served with block grant funds from 13 to 15.

Dependent Care Tax Credits (DCTC)
The President's Initiative invests $5.2 billion over 5 years in the DCTC, increasing tax credits for three million working families with incomes below $60,000.

The Dodd bill makes the DCTC refundable, and increases the tax credit to 50% for families with incomes of $30,000. The limit of employment-related expenses is adjusted for inflation. Eligibility is limited to $60,000. The Dodd bill also allows stay-at-home parents with children under age one to claim a portion of the DCTC, for a maximum credit $540. Eligibility is limited to $70,000.

Employer Incentives
Both the President's Initiative and the Dodd bill include approximately $500 million over 5 years for tax credits to businesses that provide child care services for their employees. The credit covers 25% of the qualified costs (maximum credit -- $150,000/year).

The Dodd bill also authorizes $1 billion 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.

Research and Evaluation
The President's Initiative includes provisions for research on child care issues that could benefit low income families, innovations in the use of technology to promote distance learning, interactive computer programs in provider education and training, and demonstration projects to test new approaches to help new parents who choose to stay home to care for newborns or newly adopted children. It also includes a national center for child care statistics and a child care hotline.

Other Features
The Dodd bill expands the Family and Medical Leave Act to include businesses with 25-50 employees.

2-11-1998 1:36PM FROM MARY BOURDETTE 9690575Ø P.9

BILL	Funding Amount	Subsidies	Quality Activities	Other Targeted Child Care Activities	Dependent Care Tax Credits (DCTC)	Employer Incentives	Other Features
S. 1492 **Kennedy (D-MA)** *introduced 11/8/97* **H.R. 3027** **H.R. 3028** **DeLauro (D-CT)** *introduced 11/12/97* Co-Sponsors Ackerman (D-NY) DeGette (D-CO) Delahunt (D-MA) Jackson (Kennedy (D-MA) Lowey (D-NY) McGovern (D-MA) Maloney (D-NY) Matsui (D-CA) Meehan (D-MA) Miller (D-CA) Morella (R-MD) Norton D-DC) Olver(D-MA) Pallone (D-NJ) Pelosi (D-CA) Rush (D-IL) Serrano (D-NY) Stark (D-CA) Stokes (D-OH) Waters (D-CA) Weygand (D-RI) Yates (D-IL)	Funding provided to these programs under this Act will supplement, not supplant, existing appropriations. Out of the $650 billion (over 25 years) in the Healthy and Smoke Free Children Act, a substantial portion is allocated toward child care to increase the availability and affordability of quality before- and after-school care.	----	Creates a quality fund within CCDBG, half of which is an incentive fund to reward states that improve quality of their child care programs. Activities would include: • research into early childhood development; • demonstration projects, including public-private partnerships for paid leave to enable mothers with infants to stay at home; • funding for Early Head Start and expansion of Head Start; • expansion of CCDBG grants to increase availability and affordability of quality child care for children or working families ages birth to school age; • incentives to improve the quality of child care.	----	----	----	

Congressional Child Care Briefings

House:	Contact	Date
Democratic Caucus-staff	Andie King	1/12
Democratic Caucus-members	Andie King	
New Democrats	Ken Kero (Tauscher)	
Blue Dogs		
Women's Caucus		
Black Caucus		
Hispanic Caucus		
Ways and Means Committee staff (bipartisan)	Deborah Colton Ron Haskins	
Education and Workforce staff (bipartisan)	Gail Weiss Denzel McGuire	

Senate:

Democratic staff	Joan Huffer
Dodd Group	Jeanne Ireland
Labor Committee staff (bipartisan)	Stephanie Robinson Kimberly Barnes O'Connor
Finance Committee staff (bipartisan)	Doug Steiger Dennis Smith

HRC mtg?

BILL	Basic Structure	Funding Amount	Focus of child care activities	Families Served	Quality Activities	Other Features
Senator Snowe S. 654 *introduced* 4/25/97	Makes the Dependent Care Tax Credit (DCTC) refundable and increases the amount of the DCTC for moderate income working families.	Cost to be determined.	Employment-related child care expenses.	Low and moderate income working families with child or dependent care expenses.	None specified.	
Senator Kerry S. 756 *introduced* 5/15/97	Provides grants to states to provide supportive services to children and their families; increases CCDBG funding. Also provides a loan forgiveness fund in early child development; full funding for WIC; increases Head Start funding through 2002; and amends the Family and Medical Leave Act of 1993 to allow parents to take up to 24 hours of leave during a 12 month period to participate in school activities.	Adds $11 billion to support states and local early childhood initiatives; $10.5 billion to expand CCDBG services, $500 million in loan forgiveness program; $7.5 billion, plus appropriate Consumer Price Index increases, for WIC; and approximately $2.4 billion for Head Start through FY 2002.	Expands local supportive services for children age 6 and under, adds zero to six program to CCDBG to improve access and quality of infant and toddler care, and increases child care subsidies for children under age 6.	Families leaving welfare for work and working poor families with children age 6 or under, and pregnant women.	Allows renovation of infant and toddler facilities, supports training and education for infant and toddler caregivers, and supports higher compensation for infant and toddler care.	

BILL	Basic Structure	Funding Amount	Focus of child care activities	Families Served	Quality Activities	Other Features
Rep. Pryce H.R. 988 *introduced 3/6/97*	Provides employers with a federal tax credit equal to 50 percent of the employer's expenditures for child care services provided on-site or adjacent to the business premises and operated for the employees children.	Cost to be determined.	Encourages employers to operate on- or near-site child care centers.	Exclusively children of employees of participating businesses.	None.	No time limit specified.
Senator Specter S. 978 *introduced* 6/27/97	*Same as Pryce Bill.*	Cost to be determined.	Encourages employers to offer lower cost on- or near-site child care services for low-income employees.	Specifies that employees served by the child care center must be a fair cross section of the employer's employees.	None specified.	May be a group of employers. Requires employers to pass along savings to employees through reduced costs for child care services.
Senator Akaka S. 490 *introduced 3/20/97*	Adds an annual inflation adjustment to the allowable expenses and credit amount for the DCTC.	Cost to be determined.	Not specified.	Families with tax liability and child care related expenses. No income limitations.	None specified.	

BILL	Basic Structure	Funding Amount	Focus of child care activities	Families Served	Quality Activities	Other Features
Senator Roberts S. 548 *introduced* 4/10/97	Provides funding to States to award grants to small businesses to provide child care, and increases the amount of the DCTC for specified low and middle income workers.	Authorizes $25 million for each of FYs 1998 through 2000. Cost for DCTC increases to be determined.	Grants can be used for start-up costs, training of providers, scholarships, and sick care.	Families with tax liability and child care related expenses. Makes credit not available to families filing a joint return who earn $90,000, unmarried individuals who earn $65,000, and married individuals filing a separate return who earn $45,000.	None specified.	Program terminates on September 30, 2001.
Rep. DeLauro H.R. 1373 *introduced* 4/17/97	Authorizes funds for a competitive grant program to improve quality and availability of child care and family support services, and to improve coordination of existing services and programs. Amends the Family and Medical Leave Act for employers that have more than 20 employees. Increases Head Start funding through 2002.	Authorizes $360 million a year for each of FYs 1998 through 2000 to states to expand child care services; and increases Head Start funding by $600 million per year for each of FYs 1999 through 2002.	Improves quality and availability of family support services for the parents of children under three and improves coordination of existing programs and services.	Families with children under 3 years of age; employees of businesses with more than 20 employees.	Improves the quality of licensing standards, enforcement of licensing standards, staff training and resource and referral services. Also increases salaries for providers and directs the Secretary of HHS to develop a voluntary model training program for child care staff.	Competition among states to receive grants. 30% state match required.

BILL	Basic Structure	Funding Amount	Focus of child care activities	Families Served	Quality Activities	Other Features
Senator Harkin S. 926 *introduced 6/17/97*	Increases the amount of the DCTC for moderate income working families and makes the DCTC refundable.	Cost to be determined.	Employment-related child care expenses.	Low and moderate income working families with child or dependent care expenses.	Not specified.	
Senator Jeffords S. 1037 *introduced 7/17/97*	Makes the DCTC refundable, allows for some increases to the DCTC, caps the income eligibility for the DCTC, and expands distribution of child care information.	Cost to be determined.	Makes the DCTC refundable, increases DCTC for child care provided in accredited facilities or by credentialed professionals, limits the DCTC to families with incomes up to $70,000, expands clearing-house and electronic networks for the distribution of child care information.	Low income working families with child or dependent care expenses.	Encourages the use of quality child care by linking increases in the DCTC to quality services.	
Rep. Gilman H.R. 2213 *introduced 7/22/97*	*Same as Jeffords Bill.*	*Same as Jeffords Bill.*	*Same as Jeffords Bill.*	*Same as Jeffords Bill.*	*Same as Jeffords Bill.*	
Senator DeWine S. 1029 *introduced 7/17/97*	Provides loan forgiveness for individuals who earn a degree in early childhood education and enter and remain employed in the early childhood profession, and to provide loan cancellation for certain child care providers.	Authorizes $10 million for FY 1998, and such sums as may be necessary for each of the hour succeeding fiscal years.	Child care services for children from birth to age 6.	Not applicable.	Would bring more highly trained individuals into the early child care profession and would keep more highly training providers in the early child care field for longer periods of time.	

CHILD CARE LEGISLATION -- 105th CONGRESS

BILL	Basic Structure	Funding Amount	Focus of child care activities	Families Served	Quality Activities	Other Features
Rep. Solomon H.R. 315 *introduced 1/7/97*	Increases the amount of the DCTC for moderate income working families and limits eligibility for the credit to families with incomes up to $50,000.	Cost to be determined.	Not specified.	Families with tax liability who earn less than $50,000 and have child care related expenses.	None specified.	
Senator Kohl S. 82 *introduced 1/21/97*	Provides employers with a federal tax credit for up to $150,000 per year equal to 50 percent of the employer's child care expenditures.	Cost to be determined.	Encourages employers to operate on- or near-site child care centers, and contract with child care centers or resource and referral agencies to provide services to employees.	Primarily children of employees of participating businesses. Businesses have the flexibility of include the children of non-employees in child care centers they build or operate.	None specified.	
Rep. Maloney H.R. 1706 *introduced 5/22/97*	*Same as Kohl Bill.*	*Same as Kohl Bill.*	*Same as Kohl Bill.*	*Same as Kohl Bill.*	*Same as Kohl Bill.*	

BILL	Basic Structure	Funding Amount	Focus of child care activities	Families Served	Quality Activities	Other Features
Senator Dodd S. 19 *introduced 1/21/97*	Raises CCDBG funding to increase child care subsidies and provide grants to states to respond to child care supply shortages.	Increases authorization level for discretionary CCDBG program from $1 billion to $2 billion a year to help more welfare families and low income working families pay for child care services. Authorizes an additional $1.4 billion a year to provide child care services for non-welfare low income working families. Authorizes additional funds to increase availability of specific child care services.	Requires states to use certain funds for child care activities in areas of the states that have child care supply shortages. Activities include: Infant-care, before- and after-school care, resource and referral programs, non-traditional work hours child care programs, and programs to extend the hours of prekindergarten.	Welfare and low-income working families -- families who have left welfare for work, families at risk of becoming welfare dependent, and low-income working families meeting specified criteria.	None specified.	
Rep. Woolsey H.R. 899 *introduced 2/27/97*	*Similar to Dodd Bill.*	Authorizes an additional $1.4 billion a year to help non-welfare low income working families pay for child care services. Authorizes an additional $500 million for each of FYs 1997 through 2002 to increase availability of specifically targeted child care services. Does not increase authorization level for discretionary CCDBG programs, as in the Dodd Bill.	*Same as Dodd Bill.*	*Same as Dodd Bill.*	*Same as Dodd Bill.*	

CHILD CARE LEGISLATION -- 105th CONGRESS

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

I. Direct Funding

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

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

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

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

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

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

II. Child and Dependent Care Tax Credit.

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

Refundable Tax Credit (S. 654) - Senator Snowe (R-ME)
Makes the Dependent Care Tax Credit refundable to ensure that assistance is made available for low income working families with child or dependent care expenses. It also allows credit for respite care services.

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

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

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

III. Employer Tax Credits

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

Child Care Infrastructure Act of 1997 (S. 82) - Senator Kohl (D-WI)
Provides employers with a federal tax credit equal to 50 percent of the employer's child care expenditures. Child care expenditures could include expenses to acquire, construct, rehabilitate or expand a facility of the employer; for operating costs of the employer's child care facility; to pay a child care facility to provide child care services to employees; or to provide employees with a child care resource or referral service. The total employer credit could not exceed $150,000.

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

Child Care

Member	Staffer	Phone	Fax	Comments
House Education and the Workforce				
Goodling Riggs	Denzel McGuire	225-6558	226-1010	
Clay	Gail Weiss	225-3725	226-4864	
Martinez	Marci Phillips	225-5464	225-5467	
Kildee	Callie Coffman	225-3611	225-6393	
Woolsey	Lynda Theil	225-5161	225-5163	
House Ways and Means				
Archer Shaw	Ron Haskins	225-1025	225-9480	
Levin	Eric Gould	225-4691	226-1033	
Rangel	Deborah Colton	225-4021	225-1284	
Stark	Natalie Bronosky	225-5065	226-3805	
Kennelly	Nick Gwyn	225-2265	225-1031	
Tanner	Chad Jenkins	225-4714	225-1765	
Camp	Behrends Foster	225-3561	225-9679	
House Appropriations-LHHS				
Obey	Mark Midousky	225-3481	225-9476	
Porter	Tony McCann	225-3508	225-3509	

DeLauro	Catriona MacDonald	225-3661	225-4890	
Hoyer	Lisa Levine	225-4131	225-4300	
Pelosi	Terri McCullough	225-4965	225-8259	
Lowey	Jenny Luray	225-6506	225-0546	
Leadership				
Gephardt	Andi King	226-0938	225-6760	
Gingrich	Lavin Gartland	225-4501	225-4656	
Women's Caucus				
Nancy Johnson	Kathy Havey	225-4476	225-4488	
Norton	Jon Bouker	225-8050	225-3002	
Kelly	Conwell Smith	225-5411	225-3289	
Maloney	Meg Tansey	225-3822	225-5746	
Senate Labor and Human Resources				
Jeffords	Kimberly Barnes-O'Connor	224-6770	228-1932	
Kennedy	Jeffrey Teitz	224-4781	224-3533	
Dodd	Jeanne Ireland	224-5630	224-7475	
Mikulski	Roberta Haeberle	224-5040	228-4513	
Coats	Stephanie Monroe	224-5800	228-4137	
DeWine	Karla Capenter	224-2315	224-6519	
Murray	Greg Williamson	224-2621	224-0232	
Wellstone	Linda Degutis	224-5641	224-8438	

Senate Finance Committee				
Roth	Dennis Smith	224-6953	228-0578	
Moynihan	Doug Steiger	224-6699	228-3904	
Rockefeller	Barbara Pryor	224-6742	224-7665	
Chafee	Laurie Rubiner	224-2921	228-2853	
Hatch	Chris Iverson/ Judy Hill	224-5251		
Breaux	Michelle Prejean	224-4623	228-2577	
Senate Appropriations				
Specter	Craig Higgins	224-7643		
Harkin	Marsha Simon Bev Shroeder	224-7288 224-3254	224-7914 228-2923	
Senate Leadership				
Daschle	Joan Huffer	224-5556	228-5645	
Lott	Renee Bennett	224-6253	224-2262	
Others				
Snowe	Cynthia Dailard	224-5344	224-1946	
Landrieu	Donna-Jo Dennison	224-0097	224-9735	
Stenholm	Ed Lorenzen	225-6605	225-2234	
Tauscher	Ken Kero	225-1880	225-5914	
Deborah Pryce	Lori Peets	225-2015	226-0309	
Waters	Catherine Atkin	225-2201	226-2190	
Becerra	Kim Richan	225-6235	225-2202	

John Kerry	David Kass	224-2960	224-8525	
Boxer	Kate O'Malley	224-3553	228-1338	
Kohl		224-5653	224-9787	
Allen	Stella Livanios	225-6116	225-5590	

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Yale University

The Bush Center in Child Development and Social Policy
310 Prospect Street
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Telephone: 203 432-9931
Fax: 203 432-9933

Sharon L. Kagan, Senior Associate

August 6, 1997

Ms. Jennifer Klein
Special Assistant to the President for Domestic Policy
2nd Floor, West Wing
The White House
Washington, D.C. 20502

Dear Ms. Klein:

In response to Elena Kagan's letter, I am writing to follow-up our recent meeting regarding the White House Conference on Child Care. I fully concur with the idea that the conference should be a springboard for a durable initiative to spark interest and investment (fiscal and attitudinal) in child care, and with the need for broad media coverage of the day. In addition, there are several conceptual issues that I believe need to be addressed:

- First, when we think of child care, we must also think of early education. "Child care" is often considered a service for the poor, with "education" for others. To achieve our goal of ensuring that quality services are available to all who elect to use non-parental care, child care and early education must be linked, so that all quality programs provide care *and* education. I realize that you may not be able to include the word "education" in the conference title, but the idea that education is a part of child care should be a dominant theme in the day's content.

- Second, when we consider child care and early education, we should consider the whole system. And when we talk about improving the system, we are not only talking about improving direct services for children and families, but also supporting the infrastructure. Infrastructure supports should include: parent information and engagement; professional development and licensing (training, education, licensing, and support); facility licensing, enforcement, and program accreditation; funding and financing (assuring adequate funding and coordinated, flexible financing of early care and education programs); and governance, planning, and accountability. To the degree that the conference can highlight these issues, the future of child care will be well served.

Please do not hesitate to call the Bush Center in Child Development and Social Policy at (203) 432-9931 if I can be of any further assistance to you as you prepare for the upcoming conference.

Sincerely,

Sharon L. Kagan

Sharon L. Kagan, Ed.D.

July 17,1997

KEY FEATURES OF SELECTED CHILD CARE LEGISLATION

	Dodd (S.19)	Kerry (S.756)	DeLauro (H.R. 1373)	Kohl (S.82)	Pryce (H.R. 988)
Basic structure	Raises CCDBG funding to increase child care subsidies and provide grants to states to respond to child care supply shortages. Directs states and the Secretary of HHS to include discussions of access to child care by low-income working families in their annual reports on child care activities.	Provides grants to states to provide supportive services to children and their families; increases CCDBG funding. Also provides a loan forgiveness fund in early child development; full funding for WIC; increases Head Start funding through 2002; and amends the Family and Medical Leave Act of 1993 to allow parents to take up to 24 hours of leave during a 12 mo. period to participate in school activities.	Provides grants to states to expand the quality and availability of child care services for children under 3 and support services for their families. Amends the Family and Medical Leave Act of 1993 to cover employers with more than 20 employees and increases Head Start funding.	Provides a 50% tax credit for up to $150,000/ yr. to employers who construct or operate an on- or near-site child care facility, contract with child care centers or resource and referral agencies to provide services to employees.	Provides a 50% tax credit to employers for building or operating an on- or near-site child care facility for employers.
Competition among states to receive grant	No	No	Yes	Not applicable.	Not applicable.

	Dodd (S.19)	Kerry (S.756)	DeLauro (H.R. 1373)	Kohl (S.82)	Pryce (H.R. 988)
Funding amounts	Adds $1 billion/yr in child care subsidies, $500 million/yr to meet child care supply shortages, and $1.4 billion in child care assistance through FY 2002. **Total added through FY 2002: $8.9 billion**	Adds $11 billion to support state and local early childhood initiatives; $10.5 billion to expand CCDBG services, $500 million in loan forgiveness program, $7.5 billion, plus appropriate Consumer Price Index increases, for WIC; and approximately $2.4 billion for Head Start through FY 2002. ***Total added through FY 2002: $31.9 billion**	Adds $360 million/yr over 5 years for grants to states to expand child care services; increases Head Start funding by $600 million/yr from FY 1999 through 2002. ***Total added through FY 2002: $4.2 billion**	Not applicable.	Not applicable.
Child care activities specified	Expands child care subsidies and availability of services, including infant care, before- and after-school care, nontraditional work hour care, full-day pre-kindergarten and resource and referral.	Expands local supportive services for children age 6 and under, adds zero to six program to CCDBG to improve access and quality of infant and toddler care, increases child care subsidies for children under 6.	Improves quality and affordability of child care services. Improves accessibility of child care, resource and referral, and transportation services.	Encourages employers to operate on- or near-site child care centers, contract with child care centers or resource and referral agencies to provide services to employees.	Encourages employers to operate on- or near-site child care centers.

	Dodd (S.19)	Kerry (S.756)	DeLauro (H.R. 1373)	Kohl (S.82)	Pryce (H.R. 988)
Families served	Families leaving welfare for work, families at risk of becoming welfare dependent, certain low-income, working families.	Families leaving welfare for work and working poor families with children age 6 or under, and pregnant women.	Families with children under 3 years, employees of businesses with more than 20 employees.	Primarily employees of participating businesses. Businesses have the flexibility to include the children of non-employees in child care centers they build or operate.	Employees of participating businesses.
Broad accessability to low-income families	Yes	Yes	Yes	**No	**No
Quality improvements specified	No	Allows renovation of infant and toddler facilities, supports training and education for infant and toddler caregivers, and supports higher compensation for infant and toddler care.	Improves the quality of licensing standards (including health and safety, child-staff ratios, etc.), enforcement of licensing standards, staff training and resource and referral services. Also increases salaries for providers and directs the Secretary of HHS to develop a voluntary model training program for child care staff.	Qualified expenditures to employers include costs related to the training of child care staff, scholarship programs, and providing increased compensation to caregivers with advanced training.	No
School-age care provided	Yes	No	No	Yes	Yes
Family support services provided	No	Yes	Yes	No	No
State match required	No	10%-15%	30%	Not applicable.	Not applicable.

* The estimated total assumes Head Start is reauthorized at $4.3 billion for FY 1998.

** S.82 and H.R. 988 would provide limited accessibility to low-income families and families leaving welfare for work because it would only benefit employees that work for businesses profitable enough to increase the supply of child care. This would exclude a large proportion of families moving from welfare to work, who traditionally hold low-paying and unstable jobs. Nearly 60% of the women who leave welfare for work, return to welfare (Harris 1996; Pavetti 1993). This means that employer-provided child care services would have a limited impact on helping these families. However, this is not to imply that bills such as S. 82 and H.R. 988, that would serve primarily middle class families, are not needed.

Prepared by the National Black Child Development Institute, 1023 15th Street, NW, Suite 600, Washington, DC 20005 (202) 387-1281
Fax (202) 234-1738 Web Site: www.nbcdi.org

12/97 mtg
HHS Mary B
Joan L.
Lauren ?

CHILD CARE LEGISLATION -- 105th CONGRESS

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

I. Direct Funding

subsidies - direct to a lot more.

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

lead Senate Dodd Kennedy Jeffords

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

2 pots / dist.

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

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Increases funding for mandatory spending under the Child Care and Development Block Grant by an additional $1 billion each year.

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Provides funding to States to award grants to small businesses to provide child care. The grants can be used for start-up costs, training of providers, scholarships and sick care.

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

II. Child and Dependent Care Tax Credit.

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

by reach - not paying for all of childcare.

DCTC - passed Sen several times / never passed House

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

Refundable Tax Credit (S. 654) - Senator Snowe (R-ME) already prop no phase out | Jeff. also intro incl. phase out.
Makes the Dependent Care Tax Credit refundable to ensure that assistance is made available for low income working families with child or dependent care expenses. It also allows credit for respite care services.

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

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

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

Will incl. phase out

caps top to make it refun- / already / higher amt of DCTC for children

III. Employer Tax Credits

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

Child Care Infrastructure Act of 1997 (S. 82) - Senator Kohl (D-WI)
Provides employers with a federal tax credit equal to 50 percent of the employer's child care expenditures. Child care expenditures could include expenses to acquire, construct, rehabilitate or expand a facility of the employer; for operating costs of the employer's child care facility; to pay a child care facility to provide child care services to employees; or to provide employees with a child care resource or referral service. The total employer credit could not exceed $150,000.

may have probl. - adv.

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

public/priv

Nicole

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 105th CONGRESS, FIRST SESSION

Vol. 143 WASHINGTON, TUESDAY, JANUARY 21, 1997 No. 4

Senate

CHILD CARE INFRASTRUCTURE ACT

Mr. KOHL. Mr. President, today I rise to introduce the Child Care Infrastructure Act. This legislation is designed to give incentives to private companies to get involved in the provision of quality child care. I introduced the bill as S. 2088 late last year, and I intend to make its passage this year one of my highest priorities.

My bill responds to the challenges presented by the landmark welfare legislation enacted last Congress. And it responds to the fundamental changes in the American economy that have led to parents entering the work force in record numbers.

The Child Care Infrastructure Act creates a tax credit for employers who get involved in increasing the supply of quality child care. The credit is limited to 50 percent of $150,000 per company per year. The credit will sunset after 3 years. The credit goes to employers who engage in activities like: Building and subsidizing an entire child care center on the site of a company or near it; participating, along with other businesses, in setting up and running a child care center jointly; contracting with a child care facility to provide a set number of places to employees—this gives existing centers the steady cash flow they need to survive, or it can give a startup center the steady income it needs to get off the ground; contracting with a resource and referral agency to provide services such as placement or the design of a network of local child care providers.

This legislation responds to a great need, a great challenge, and a great opportunity. The need is to provide a safe and stimulating place for our youngest children to spend their time while their parents are at work. The challenge is to make the American workplace more productive by making it more responsive to the needs of the American family. And the opportunity is to take what we are learning about the importance of early childhood education and use it to help our children become the best educated adults of the 21st century.

The need for quality child care is certainly apparent. As real wages have stagnated over the last decade, many families have adapted by having two wage earners per family. Also, over the same period, the number of children living in mother-only families has increased—in 1950, 6 percent of all children lived in mother-only families: in 1994, that number was 24 percent. In my home State of Wisconsin, 67 percent of women with children under 6 years old are in the work force according to Children's Defense Fund. And in Milwaukee County, about 58 percent of children under the age of 6 have both parents in the work force or their sole parent in the work force. That translates into about 67,600 children under the age of 6 in that county who right now are already in need of or in child care.

With the passage of the welfare reform law, and the implementation of W-2, Wisconsin's welfare reform State plan, the need for child care will become even greater. A recent report done for the Community Coordinated Child Care of Milwaukee found that the implementation of W-2 will lead to the need for over 8,000 new full-time child care slots in Milwaukee County alone.

Wisconsin is not unique in facing this overwhelming shortage of child care slots. Across the Nation, States and communities are facing the same issue. Where are our youngest children going to spend the day while their parents are at work?

This is not the sort of market shortage we can or should address haphazardly. There is nothing less at stake than the welfare of our children. Study after study has found the enormous importance of early childhood education and care—and by early education, the experts mean the education of 0 to 4 year olds. One University of Chicago researcher has claimed that intelligence appears to develop as much during the years 0 to 4 as it does from the years 4 to 18.

If we are simply warehousing kids in these early years, we are going to not only hamper their ability to develop fulfilling and productive lives, but we are hurting ourselves. We are resigning ourselves to trying to solve educational and developmental problems—at great expense—for the rest of these children's lives.

As obvious as this point may seem, the desperate need for quality early child care is not a problem that this Nation has addressed. As a Nation—and I mean Federal, State, local, and private resources—over the last 10 years, we have doubled our expenditures on educating 5 to 25 year olds to $500 billion. Contrast that with the mere $4 billion we are spending on Head Start, and 95 percent of that is on children 3, 4, and 5 years old. Only $100 million out of $500 billion is spent on the period when the most significant development takes place—that's one-fifth of one thousandth of what we spend on ages 5 through 25.

Obviously, our investment in children has not kept up with what we now know about how children learn and develop in their earliest year.

There is another reason to care about the supply of quality child care—especially for businesses to care about quality child care. Employees who are happy with their child care situations are better employees. They are more productive, have less absenteeism, and are more loyal to their company.

Clearly, there is a shortage of quality child care, and equally clearly, there is a benefit to the private sector if they are involved in solving that shortage. The approach I take in my legislation is to try to encourage private businesses to undertake activities that would increase the supply of quality child care.

The legislation gives flexibility to businesses that want to get involved in providing child care for their employee's dependents. Though the shortage of quality child care is definitely a national problem, it does have uniquely local solutions. What sort of child care infrastructure works best in a community is going to depend on the sort of work that community does—whether there are many part-time or odd hour shifts, whether the local economy has a few very large employers or a lot of small employers, or some mix. My legislation includes a tax incentive that would allow many different kinds of businesses to take advantage of it—and that would allow them to be as creative as possible.

The 21st century economy will be one in which more of us are working, and more of us are trying to balance work and family. How well we adjust to that balance will determine how strong we are as an economy and as a Nation of families. My legislation is an attempt to encourage businesses to play an active role in this deeply important transition.

In the 1950's, Federal, State, local governments, communities, and businesses banded together to build a highway system that is the most impressive in the world. Those roads allowed our economy to flourish and our people to move safely and quickly to work. In the 1990's, we need the same sort of national, comprehensive effort to build safe and affordable child care for our children. As more and more parents—of all income levels—move into the work force, they need access to quality child care just as much as their parents needed quality highways to drive to work. And if we are successful—and I plan to be successful—in the 21st century excellent child care will be as common as interstate highways.

Child care is an investment that is good for children, good for business, good for our States, and good for the Nation. We need to involve every level of government—and private communities and private businesses—in building a child care infrastructure that is the best in the world. My legislation is a first, essential step toward this end.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

news from

HERB KOHL

United States Senator
Democrat of Wisconsin

330 Hart Senate Office Building • Washington, D.C. 20510 • (202) 224-5653

FOR IMMEDIATE RELEASE: January 21, 1997
Contact: Brad Fitch or Lynn Becker Phone: (202) 224-5653

KOHL INTRODUCES "CHILD CARE INFRASTRUCTURE ACT" ON FIRST DAY OF 105th CONGRESS

WASHINGTON -- U.S. Senator Herb Kohl today introduced the Child Care Infrastructure Act, a bill to increase the supply of quality child care in the United States. The bill would provide private companies and institutions with tax credits to encourage them to build on- or near-site day care centers to meet the rapidly growing demand for child care. Senator Kohl noted that 67% of women in Wisconsin with children under six years old are in the workforce, yet there is only one accredited child care center for every 2,800 of these kids. Further, it is estimated that 70,000 children will need child care as a result of the work requirements created by Wisconsin's W-2 welfare reform plan. Senator Kohl spent the recent Congressional recess visiting child care centers and meeting with business owners to seek input and build support for his bill.

"This legislation recognizes a great need, a great challenge, and a great opportunity. The need is to provide a safe and stimulating place for our youngest children to spend their time while their parents are at work. The challenge is to make the American workplace more productive by making it more responsive to the needs of the American family. And the opportunity is to take what we are learning about the importance of early childhood education and use it to help our children become the best educated adults of the 21st century," Kohl said. "I intend to make passage of this bill one of my highest priorities."

In Wisconsin, there are almost 6,500 children from 4,000 families on waiting lists for child care. Senator Kohl's legislation creates a tax credit for employers who get involved in increasing the supply of quality child care by, for example, building and subsidizing an entire child care center or reserving slots for employees in an existing child care center. The credit is designed so that any company, small or large, has an incentive in providing child care to its employees. Studies show that organizations that provide child care benefits to their employees tend to attract better qualified applicants, keep their employees longer, and experience lower levels of absenteeism. The credit is limited to 50% and capped at $150,000 per year. Kohl said he would pay for the incentive by closing certain loopholes in the current tax system.

Senator Kohl's bill was lauded in this month's issue of "Working Mother" magazine. Kohl said he will begin building bipartisan support and recruiting Senate cosponsors to strengthen the bill's prospects for becoming law.

HERBERT KOHL
WISCONSIN

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United States Senate
WASHINGTON, DC 20510-4903

COMMITTEES:
APPROPRIATIONS
JUDICIARY
SPECIAL COMMITTEE ON AGING

BILL SUMMARY

CHILD CARE INITIATIVE
PROPOSED BY SENATOR HERB KOHL (D-WI)

Senator Kohl introduced a tax credit proposal designed to provide an incentive to private sector businesses willing to take actions that increase the supply of quality child care. His bill will make the credit available for child care supply increasing activities such as:

- Expenses related to the acquisition, expansion, or repair of an on- or near-site day care center, after hours care facility, or sick child facility. This credit would also be available for a consortium of businesses that joined together to create a child care center
- Direct company subsidization of the operating costs of a child care facility
- The cost of a company's contract with a Child Care Resource and Referral service
- A company's reservation for their employees of child care slots in a licensed child care facility.
- Company expenditures on training and continuing education for child care workers

The credit would be 50% for eligible activities and capped at $150,000 per year. Safeguards in the legislation ensure that the companies receive the tax credits for capital expenditures that go toward facilities that stay in operation for several years and that primarily serve their employees. The credit sunsets after three years.

The credit can be paid for by the elimination of tax loopholes that have outlived their usefulness. A cost estimate of the legislation is not yet available, however this proposal will not increase the budget deficit.

January 1997 Working Mother 9

LOLLIPOPS to Senator Herb Kohl (D-Wis.) for encouraging businesses to do their part for the nation's children. Kohl has proposed a tax credit for companies that support child care by providing direct child care subsidies to employees or centers, sponsoring a resource and referral agency or paying for training of child care providers. Under the proposal, businesses would be credited for 50 percent of the costs, with a maximum credit of $150,000 per year. "This is not the only answer, but it is a significant way to provide for child care as we move into the twenty-first century," Kohl says. He estimates the cost of the credit to be about $2 billion over seven years—the same price as one of the 20 B-2 bombers scheduled to be made in the next two years.

Congress of the United States
JOINT COMMITTEE ON TAXATION
Washington, DC 20515–6453

JAN 31 1997

Honorable Herbert Kohl
United States Senate
Washington, DC 20510-4903

Dear Senator Kohl:

This letter is in response to your request dated January 6, 1997, for a revenue estimate of your bill to allow employers a credit for the gross expenses of providing child care services to their employees.

Specifically, your bill would grant employers a tax credit equal to 50 percent of the qualified child care expenditures (up to a maximum of $150,000) paid or incurred by the employer during the taxable year to acquire, construct, rehabilitate, expand, or operate a qualified child care facility. For purposes of this proposal the term "qualified child care facility" means a child care center: (1) the principal use of which is to provide child care, (2) which complies with all applicable laws and regulations of a State or unit of local government in which it is located, and (3) which is not a principal residence (within the meaning of Internal Revenue Code section 1034) of the operator of the facility. The enrollment in the qualified child care facility must be open to the employees of the taxpayer during the taxable year and the use and the eligibility to use such a facility must not discriminate in favor of employees of the taxpayer who are highly compensated employees (within the meaning of Internal Revenue Code section 414(q)). If, as of the close of any taxable year, there is a recapture event with respect to any qualified child care facility of the taxpayer, then the tax of the taxpayer for such taxable year shall be increased by the product of the aggregate amount of credits allowed resulting from qualified child care expenditures for all prior taxable years and an applicable recapture percentage.

It is assumed that this bill would be effective for taxable years beginning after December 31, 1996, and would not apply to taxable years beginning after December 31, 1999. The effect on Federal fiscal year budget receipts is shown below.

Congress of the United States

JOINT COMMITTEE ON TAXATION

Washington, DC 20515–6453

Honorable Herbert Kohl
United States Senate

Fiscal Years [Billions of Dollars]						
1997	1998	1999	2000	2001	2002	1997-2002
-0.2	-0.4	-0.5	-0.7	-0.5	-0.1	-2.6

NOTE: Details do not add to totals due to rounding.

I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,

/S/

Kenneth J. Kies

DATE March 21, 1997

TO Cynthia Rice

TEL #

FAX # 456-7431

FROM Kate Sparks

SENATOR HERB KOHL
Wisconsin

WASHINGTON OFFICE:
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TOTAL PAGES (including cover) 8

REMARKS Sorry we missed each other — let's talk Monday! Kate (224-9551)

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UNITED STATES
HOUSE OF REPRESENTATIVES

ROSA L. DELAURO
3d District, Connecticut

Chief Deputy Whip

Committee on Appropriations

Subcommittees:
Labor, Health and Human Services, and Education
Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

January 6, 1998

President William J. Clinton
The White House
1600 Pennsylvania Avenue NW
Washington, D.C. 20006-9900

Dear Mr. President:

I am writing to express my appreciation for the leadership that you and the First Lady have shown on the issues of quality child care and the needs of very young children. Your White House conference on early brain development, conference on child care, and your commitment to expanding Head Start, have brought attention and resources to deal with this problem in a way which no other individual or group could have done alone.

I am particularly pleased to hear that you are planning to make a substantial child care initiative an important part of your State of the Union speech and fiscal year 1999 budget. Last November, I joined a group of Senators and Representatives in urging OMB Director Raines to target $20 billion over the next five years to an initiative that would improve the quality and accessibility of child care for American working families, and would like to thank you for proposing such an initiative. I look forward to joining you at the White House tomorrow afternoon to hear the details of your proposal.

As you know, I have proposed legislation that would provide grants to states to help families afford good child care and create incentives to improve the quality of available care. I urge you to ensure that the proposal you unveil tomorrow include a substantial commitment to quality and access, particularly for the children of the poor and working poor who are most vulnerable, who need quality care the most, and who are least likely to receive such care without support. I assure you that I will do everything in my power to move such a proposal through Congress this year.

I look forward to hearing the details of your initiative and to working with you on this issue through the coming months.

Sincerely,

ROSA L. DeLAURO
Member of Congress

RLD/bjs

cc: Mrs. Hillary Rodham Clinton
Director Franklin Raines
Secretary Donna Shalala
Secretary Robert Rubin