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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. paper	Child Care Case Studies 222 (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:
House Democrats Legislation [2]

2012-1035-S
kc1013

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]
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NICOLE

DEMOCRATIC CAUCUS
U.S. HOUSE OF REPRESENTATIVES

Vic Fazio, Chairman
Barbara B. Kennelly, Vice Chair

NEWS

For Immediate Release

Contact: Steven Maviglio 226-0741

HOUSE DEMOCRATS UNVEIL CHILD CARE PROPOSAL

Quality, Cost, Availability Focus of Sweeping Initiative

Washington, D.C. – Joined by First Lady Hillary Rodham Clinton, Secretary of Health and Human Services Donna Shalala, and working families, House Democrats today unveiled legislation designed to double the number of families receiving assistance to pay for child care.

House Democratic Whip David Bonior (D-Mich.), Caucus Chairman Vic Fazio (D-Calif.), Vice-Chair Barbara B. Kennelly (D-Conn.), Rep. Ellen Tauscher (D-Calif.), and more than 100 Democratic cosponsors say the comprehensive bill is targeted at middle- and lower-income families faced with soaring child care costs and limited availability. The legislation:

- Increases tax credits for three million additional working families to help them pay for child care;
- Provides after-school care for up to half a million children per year;
- Establishes a business tax credit for companies providing child care services;
- Creates a child care provider scholarship fund to train child care workers;
- Establishes a tax credit for stay-at-home parents with children under the age of four; and
- Improves child care safety and quality and enhances early childhood development.

"For millions of American families, nothing is more important than quality child care that is safe and affordable," said Fazio. "This legislation is a blend of initiatives that addresses costs, availability, quality, and safety."

-more-

Child Care 222

Many of the provisions in the bill are tax related. These include an increase in the dependent care tax credit for families with less than $60,000 combined income that would result in an average tax cut of $330 for three million families. Savings would be similar for stay-at-home parents with children under the age of four.

Businesses that provide child care services for their employees by building or expanding child care facilities or training child care workers would receive a 25 percent credit towards those costs up to $150,000 per year. A matching fund grant program for business also would be created to expand the number of child care facilities, with small businesses receiving priority funding.

The bill also has a strong focus on after-school programs to help parents bridge the gap between the hours when schools adjourn to when they return from work. The Child and Adult Care Food Program would be extended to those from 13 to 18 years old. In addition, new emphasis on after-school prevention programs will be required in juvenile justice programs.

The Democratic Caucus proposal also calls for the establishment of a $3 billion fund over five years to provide challenge grants to communities to improve the delivery of child care services (including funds for improving child care provider training, lowering child/staff ratios, and providing for comprehensive background checks on child care workers). Another new $500 million fund over five years also would be created to step up enforcement of health and safety standards. Building on the military's model child program, this initiative is designed to help states improve their licensing systems.

Other components of the bill include:

- Creation of a Child Care Provider Scholarship Fund proposed by President Clinton that will enable states to provide 50,000 scholarship funds to students working toward child care credentials each year for the next five years;
- Amending the National Housing Act to authorize the Secretary of Housing and Urban Development to ensure mortgages for child care facilities; and
- Establishment of a child care hotline to connect parents with local agencies to help them identify quality care for their children.

The bill builds on President Clinton's child care proposal as well as those from Rep. Kennelly, Rep. Tauscher, Rep. Hoyer (D-Md.), Rep. Lowey (D-N.Y.), Rep. Woolsey (D-Calif.), Rep. Maloney (D-N.Y.), Rep. Moran (D-Va.), Rep. Allen (D-Maine), and Rep. Slaughter (D-N.Y.).

The $23.3 billion costs of the bill are designed to fall within the context of a balanced budget legislation.

###

To: Nicole Rabner
From: Steve Maviglio
Re: Update on Members Attending Event as of 6 p.m., Monday

Allen
Baldacci
Barrett
Bonior
Brown, George
Boswell
Clayton
DeLauro
Fattah
Fazio
Filner
Harman
Hastings
Hooley
Hoyer
Jackson-Lee
Johnson, E.B.
Kennelly
Lampson
Lee
Levin
Meek
Moran
Owens
Rodriguez
Romero-Barcelo
Stark
Strickland
Stokes
Tauscher
Woolsey

DEMOCRATIC CAUCUS
U.S. HOUSE OF REPRESENTATIVES
Vic Fazio, Chairman
Barbara B. Kennelly, Vice Chair
NEWS

WHO BENEFITS FROM THE DEMOCRATIC CHILD CARE PROPOSAL?

John Brandon (speaker) of Fairfax, Va. is a single parent, the father of eight-year-old Amanda and five-year old Johnny. A financial analyst, Brandon says "I have had to shuffle debts around to pay bills and use my credit card for everyday items like groceries to pay for child care. I'm not rich and I'm not poor, but I'm struggling to make ends meet." The search for a child care center wasn't easy for him either. "Some of the centers I observed were too small and overcrowded or the teachers were not properly trained." He finally has found one that is helping him with costs "but they can only do so much," he says. "Something more needs to be done at a national level."

Dawn Mason-Affinito is the owner/director of Friends and Family Day Care, a family day care program in East Haven, Conn., who has worked in the early childhood field for 16 years. The program, which has 13 children ranging in age from six weeks to five years, specializes in educational activities for children with disabilities. "We pay an immeasurable price when we place a child in mediocre child care during these precious and formative years," she says. Low-income families have Head Start and school readiness grants, while wealthy families can afford the high tuition rates of fine programs. But where does that leave the middle-class family? Too often they have to settle for mediocre care at best." Friends and Family's high standards recently won praise from the National Association for Family Childcare. Mason-Affinito also travels throughout the state to provide training for other family day care providers. She is a guest of Congresswoman Rosa DeLauro (D-Conn.).

JC Stamps is a 29-year veteran of the District of Columbia Police Department. A detective in the First District, JC has a long-time interest in juvenile justice. From the time Stamps started his career as an undercover narcotics officer, he has worked to reduce crimes made by children. He knows how important it is to ensure that children have options for them after school so they are not tempted by illegal activities. The after-school component of the Democratic child care legislation, he says, will offer options to thousands of kids nationwide who otherwise would be spending time on the street.

-more-

1420 Longworth House Office Building Washington, DC 20515
Phone: 202 226 3210 Fax: 202 225 9253 E-mail: democratic.caucus@mail.house.gov

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DEMOCRATIC CHILD CARE BILL ORIGINAL COSPONSORS (as of 6/8)

Most updated list.

Neil Abercrombie
Gary Ackerman
Thomas Allen
Bob Andrews
John Baldacci
Thomas Barrett
David Bonior
Robert Borski
Leonard Boswell
Rick Boucher
Robert Brady
Corrine Brown
George Brown
Sherrod Brown
Lois Capps
Julia Carson
Donna Christian-Green
William Clay
Eva Clayton
Bob Clement
John Conyers
Elijah Cummings
Danny Davis
Diana DeGette
William Delahunt
Rosa DeLauro
Norman Dicks
John Dingell
Lloyd Doggett
Eliot Engel
Lane Evans
Sam Farr
Chaka Fattah
Vic Fazio
Bob Filner
Martin Frost
Elizabeth Furse
Sam Gejdenson
Dick Gephardt
Bart Gordon
Jane Harman
Alcee Hastings
Bill Hefner

Maurice Hinchey
Ruben Hinojosa
Tim Holden
Darlene Hooley
Steny Hoyer
Sheila Jackson-Lee
William Jefferson
Eddie Bernice Johnson
Joe Kennedy
Patrick Kennedy
Barbara Kennelly
Carolyn Kilpatrick
Nick Lampson
Tom Lantos — Barbara Lee
Sandy Levin
John Lewis
Zoe Lofgren
Nita Lowey
Carolyn Maloney
Thomas Manton
Matthew Martinez
Robert Matsui
Karen McCarthy
Jim McDermott
James McGovern
Carrie Meek
Gregory Meeks
Juanita Millender-McDonald
Patsy Mink
Joseph Moakley
James Moran
Jerrold Nadler
Richard Neal
Eleanor Holmes Norton
James Oberstar
John Olver
Frank Pallone
Donald Payne
Nancy Pelosi
Glenn Poshard
David Price
Nick Rahall
Ciro Rodriguez
Carlos Romero-Barcelo
Martin Sabo

Loretta Sanchez
Max Sandlin
Tom Sawyer
Charles Schumer
Bob Scott
Jose Serrano
Brad Sherman
Louise Slaughter
Debbie Stabenow
Fortney Pete Stark
Ellen Tauscher
Karen Thurman
Estaban Torres
Robert Underwood
Nydia Velazquez
Bruce Vento
Maxine Waters
Henry Waxman
Bob Weygand
Al Wynn
Lynn Woolsey
Sidney Yates

TOTAL: 111

Remarks for Secretary Shalala
Democratic Child Care Event – 6/9/98

We all know that raising children is a team endeavor. Parents are the coaches and managers.

But there are other important players in our children's lives. Communities. Churches. Child care providers, ...

... And public leaders like Representatives Kennelly, Tauscher and others here today ...

Leaders who take our children's concerns to heart, take them to Washington, and take them to a vote.

Right now, we're cheering for another team -- the Washington Capitals -- as they take a shot at the Stanley Cup for the first time in history.

There are good lessons to be learned from hockey. As Wayne Gretzky once said, "I don't skate to where to puck used to be. I skate to where the puck will be."

Setting our eyes on a goal – and going for it: That's what we're doing today for American families who need child care they can afford and trust.

We've come a long way toward this goal. Like the Caps, it's taken seasons of hard work and great leadership. The work and leadership of a President and a First Lady who've always put children first.

We've put child care funding in the new welfare-to-work system, so that more mother's can exchange a welfare check for a pay-check.

We're teaming up the public and private sectors to offer working parents more child care options.

We've helped states establish health and safety standards for child care providers.

We've promoted partnerships between child care and health care agencies.

We've established the National Child Care Information Center.

And, with the stroke of his pen, the President directed federal child care centers to make themselves a national monument of quality care.

But like in hockey, we can't dwell on the last play. We must always set our sights on the next goal.

Because there is a big difference between simply advancing the puck – and putting numbers on the board.

Today, too many low and middle-income families still spend over 20 percent of their income on child care.

And, even though states are putting their child care block grants to creative use, current funding isn't enough to serve every eligible family.

Child care is still a crisis for too many working families. That's why we need the kind of bold child care legislation being introduced today. And that's why we celebrate our next speaker who's here today.

She knows what it's like to be a working mother. She's also one of our greatest advocates for the rights of children, and for stronger families.

She has raised the nation's awareness, consciousness and concerns about childhood needs -- and the challenges of families raising the children of the millennium.

Please join me in welcoming, the First Lady of the United States.

DEMOCRATIC CAUCUS
U.S. HOUSE OF REPRESENTATIVES

Vic Fazio, Chairman
Barbara B. Kennelly, Vice Chair

NEWS

DRAFT

Media Advisory

Contact: Steve Maviglio
202/226-3210

What

First Lady Hillary Rodham Clinton and Secretary of Health and Human Services Donna Shalala will **join House Democrats** to unveil comprehensive legislation to help working families afford quality child care.

The legislation features tax credits for three million working families, a tax credit for stay-at-home parents with children under the age of four, doubles the number of children receiving child care assistance, provides after-school care for more than 500,000 children, and boosts training for child care providers.

Who

In addition to the First Lady and the Secretary, Rep. Barbara Kennelly (D-Conn.), Rep. Ellen Tauscher (D-Calif.), and more than one dozen House Democrats will be joined by working families, stay-at-home parents, law enforcement officials, and child care providers.

When and Where

2 p.m., Tuesday, June 9, 1998
334 Cannon House Office Building

Contact

Steven Maviglio, House Democratic Caucus
202-226-3210/226-0741

###

1420 Longworth House Office Building Washington, DC 20515
Phone: 202 226 3210 Fax: 202 225 9253 E-mail: democratic.caucus@mail.house.gov

DEMOCRATIC CAUCUS
U.S. HOUSE OF REPRESENTATIVES

Vic Fazio, Chairman
Barbara B. Kennelly, Vice Chair

FAX COVER SHEET

To:

Name: NICOLE RABNER

Organization: WHITE HOUSE

Department:

FAX NUMBER: **PHONE NUMBER:**

From:

Name: STEVEN MAVIGLIO

Message: PLEASE CLEAR ASAP!

Number of Pages (including this cover sheet): 2

1420 Longworth House Office Building Washington, DC 20515
Phone: 202 226 3210 Fax: 202 225 9253 E-mail: democratic.caucus@mail.house.gov

Draft

STATEMENT BY THE PRESIDENT
ON HOUSE DEMOCRATIC CHILD CARE LEGISLATION

I am proud that my balanced budget request before Congress includes an ambitious initiative to make child care better, safer, and more affordable. America's working families and our nation's children deserve our attention and action on this critical issue. Today, House Democrats -- lead by XXX and XXX -- have unveiled a significant proposal to address the child care needs of working families. Like my child care initiative, this new package 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 to their employees, increases after-school opportunities for children, promotes early learning, and improves child care quality.

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 can achieve legislation that helps Americans fulfill their responsibilities as workers, and their even more important responsibilities as parents. I welcome this important contribution from House Democrats, and I urge all Members of Congress to come together to improve child care for our nation's working families.

We have some more details on the press conference to unveil the Child Care event.

Date: Tuesday, June 9, 1998
Time: 2 p.m. sharp (members should arrive at 1:45 p.m.)
Place: TBA

Program:

* Rep. Kennelly will welcome everyone, thank everyone for participating in the drafting of this legislation, and speak about the principles of the bill...pointing to three "real people" at her side...a stay-at-home Mom, a law enforcement official, and a child care provider...she then will introduce the next speaker, a working parent with their child. (4 minutes)
* Working parent will talk about the need for affordable, quality child care and how this bill will benefit them. The parent will introduce Rep. Tauscher. (2 minutes)
* Rep. Tauscher will highlight key provisions of the bill, and then introduce Secretary Shalala. (2 minutes)
* Secretary Shalala will discuss the child care issue (4 minutes) and introduce the First Lady.
* First Lady Hillary Clinton will discuss the child care issue.
* Rep. Kennelly will thank Mrs. Clinton and then lead the Q&A from the press. (Mrs. Clinton will exit).

ALL Members are invited to stand with the First Lady during the press conference and participate in the Q&A. We would appreciate your Member appearing.

Please forward this information to your scheduler as soon as possible!

If you or your press secretary have any questions about press, please contact Steve Maviglio at x63210. Please do not send out any press information regarding the First Lady apprearing at the event.

To: Nicole Rabner
From: Steve Maviglio
Re: Update on Members Attending Event as of 6 p.m., Monday

Allen
Baldacci
Barrett
Bonior
Brown, George
Boswell
Clayton
DeLauro
Fattah
Fazio
Filner
Harman
Hastings
Hooley
Hoyer
Jackson-Lee
Johnson, E.B.
Kennelly
Lampson
Lee
Levin
Meek
Moran
Owens
Rodriguez
Romero-Barcelo
Stark
Strickland
Stokes
Tauscher
Woolsey

Nicole
Rabner

DEMOCRATIC CAUCUS
U.S. HOUSE OF REPRESENTATIVES

Vic Fazio, Chairman
Barbara B. Kennelly, Vice Chair

ATTENTION: CHILD CARE L.A.

June 3, 1998

Dear Democratic Colleague:

In response to President Clinton's call to make child care safer and more affordable for America's working families, House Democrats will introduce our Democratic Child Care Proposal on Tuesday, June 9th. As part of the President's balanced budget, the Democratic proposal will introduce significant new investments in child care to help working families pay for child care, build a good supply of after-school programs, and improve the safety and quality of care and promote early learning.

We are writing to urge you to join us as original cosponsors of the Democratic Child Care bill to be introduced next week. This proposal doubles the number of children receiving child care assistance; increases tax credits for three million working families to help them pay for child care; establishes a stay-at-home credit for children under the age of four; provides after-school care for up to one million children per year; improves child care safety and quality; and enhances early childhood development.

Attached is a summary which will illustrate the major components of the Democratic bill. We urge you to join your colleagues in working to provide better child care to America's working families. If you have any questions or would like to add your name as an original cosponsor, please contact Sean Marcus at the Democratic Caucus at X6-3210.

Sincerely,

The Honorable Barbara B. Kennelly
The Honorable Vic Fazio
The Honorable Rosa DeLauro
The Honorable Robert Weygand
The Honorable Lloyd Doggett
The Honorable Jim McDermott
The Honorable Louise Slaughter

The Honorable Ellen Tauscher
The Honorable Richard Gephardt
The Honorable Sander Levin
The Honorable Zoe Lofgren
The Honorable Eva Clayton
The Honorable Neil Abercrombie
The Honorable Lynn Woolsey

The Honorable Steny Hoyer
The Honorable Nita Lowey
The Honorable Julia Carson
The Honorable Thomas Manton
The Honorable Jim Moran
The Honorable Carolyn Maloney
The Honorable Thomas Allen
The Honorable Debbie Stabenow
The Honorable Sheila Jackson-Lee

Redbook Luncheon
June, 2 1998
Washington, DC

(begin transcript)

SPEAKER: Ladies and Gentlemen the First Lady of the United States accompanied by the editor-in-chief of Redbook Magazine, Kate White and her son Hunter White.
(Applause).

MRS. CLINTON: Well good afternoon and please be seated. I am delighted to welcome all of you here to the White House. It is a special treat for me to host this event and to join Kate White and the people at Redbook magazine, the child care advocates who are here, the business leaders and especially the honorees whom we will meet after lunch. We come together to honor outstanding mothers and shakers, I love that (laughter). I think that's a great description, from around the country. But before we begin the business of our luncheon let us enjoy our lunch. In this room we have many people who have been on the front lines of advancing not only child care but other issues that affect the well being of American children and families. We have journalists who cover these activities, so I hope that we'll have a lot of good conversation and come up with more ideas about how we not only can advance an agenda for America's children but actually promote greater public awareness among Americans why such an agenda is so critical. So please enjoy your lunch and we'll see you after dessert.

...

(Applause)
MRS. CLINTON: Well welcome again and I'm delighted that we can all be together for this. Before we begin the formal program I want to say a special word of congratulations to one of the honorees, my friend, the United States Senator from the state of Washington, Patty Murray, whom I had just found out is also today celebrating her 26th wedding anniversary. So I would like Patty's husband Robert to please stand (applause) Where's Robert, there he is (laughter, applause). Now Robert it's not everybody who gets to come to lunch at the White House for your anniversary, I think that's pretty good. I'm also, I think wanting to acknowledge all the spouses of these accomplished mothers and shakers, because we all know how important it is to have that support and partnership. I want to acknowledge some of our other special guests, including Kathy Black, the president of Hearst magazines and her daughter, Allison, who is with her. And Jane Jameson (phon.) the publisher of Redbook, and you've already met the editor-in-chief, Kate White and her son, Hunter. And then we're going to be meeting in a few minutes all of the mothers and shakers who are being honored. Now we've come together today to salute eight extraordinary women who have made a very real difference in the lives of families in their own communities and across the nation. At our table during lunch, I learned a lot more about what some of these women have accomplished and I am just delighted that the country will learn more about what they have achieved because if we could take

all of their achievements and put them together we would have a much better system of child care nationwide. Somebody who believes that and has worked with me to that end is my friend, Tipper Gore who is also with us and I'd like to acknowledge Tipper and ask her to please stand (Applause). Tipper and I have spent a lot of time in the last years talking about our own children and also talking about children throughout our country and indeed the world. So for us to be able to acknowledge the accomplishments of all of you gives us a great deal of satisfaction, Whether it was establishing child care centers or setting up hotlines for parents or partnering with businesses or lobbying elected officials, you have been working in your own communities to promote child care and to move it to the forefront of the national agenda by giving working parents more choices and more opportunities to succeed at home and at work. It is important to pause once in a while to take measure of how far we've come and to honor those who've helped us get there so I want to commend Redbook for creating these mothers and shakers awards and for running the article on child care in its June issue, Kate, because I think that we still have some work to do in both raising public awareness and dispelling stereotypes about the difficult choices families face in finding the child care they need. You've performed an important public service because you've helped to shine the spotlight on women who've worked diligently and often in the shadows to improve the lives of children and working families and help raise public awareness by providing parents with critical information about to find safe affordable child care. Today as we anticipate the extraordinary possibilities of the next century it's a little hard to imagine what life was like for women living in America just a century ago. Certainly our life span was much shorter many of us would not be around at the age that we are. We would have lost those of us who have had children, many of the babies we birthed we would have seen some succumb to infectious diseases for which there were no cures or antibiotics or vaccinations and Redbook was first published nearly a century ago in 1903 and it has helped to chart the lives and the changes in the lives of American women back then. Certainly our nation has under gone profound changes as more and more women have not only lived longer and survived childbirth, two major accomplishments of this century, but have themselves joined the workforce outside the home transforming their lives and the life of this nation forever. We saw a great move into the workforce as a result of World War II, and we saw the government, when it needed women to be part of the war effort, step in to provide child care so that those women could got to work. We've made a lot of progress but of course we have a lot left to do. This country has a great economy right now, we are blessed with prosperity and much of that is because women are working. Women who are using their skills, their education, their talents in our workforce and creating not only better opportunities for themselves and their families but for the rest of us as well. We know that women make up almost half of the workforce and as a result we know that many children have to spend some or all of their day away from their parents in child care. We also know that we many single women who are raising their children themselves and are their sole support and have no choice but to work. Now over the years I like many of you have spent many many hours talking to working mothers first when I myself was a working mom and sitting around kitchen tables or in the bleachers at sporting events or at playgrounds or in my office I found that the uppermost issue on most working mothers minds was child care and the dilemma that we have all lived with that is raised by the conflict between family and work and the need for all of us to do a better job in balancing those competing demands. What we tried to do was to take that dialogue that conversation that every one of has on our own and take it out of the kitchens and out from around the water coolers and out from the supermarket aisles where I often had it, and put it into the national arena. That's why the President and I hosted the first ever White House conference on child care last year as well as the conference on early childhood development. We knew from the work the scientists were doing how critical the first three years are to a child's intellectual and emotional growth and we also knew how difficult it is for many parents to feel that they were doing right both by their jobs which put food on the table and by their children who are the most important people in their lives, Now thanks to you we have made child care a national priority and we have presented legislation to the Congress, as you know the President has proposed a historic investment in child care, over 20 million dollars over the next fie years that will make child care more affordable to America's working parents. It will also expand opportunities to promote early learning and child development it will also ensure greater safety and quality enhance efforts for background checks help parents and schools establish after school programs in their communities . But on of the things that I have found is that often times when a President announces something as he did in the state of the union and then follows it up with legislation, many Americans think the work is over . I was recently with Congresswoman Tausher in her district in California and we had a panel discussion in a wonderful facility a school the had an added on building where they were running a very good after school program and the Congresswoman and I were sitting with experts from the community and people who had supported this program and the questions and the comments were all assuming that the Presidents plan was going to get through the Congress we heard from the Superintendent who said you know we'll sure be able to use that money because we're still not reaching all of our students, we heard from a teacher who said you know I'm so excited that the federal government is finally going to help us because we don't have the facilities we need in our poor areas of this county for after school care and you know the Congresswoman and I were somewhat surprised because of course we know how difficult it is to get legislation like this through in the current Congress and so we have to re-instill a sense of urgency in America's working families, and teachers and advocates and business leaders who have applauded this commitment as being not only good for children and families but good for America. So you are helping us to get that word out by coming together to honor people who have been on the front lines doing the work that needs to be done. But I have to ask you all of you who are hear at this lunch to do what you can to make sure that this critical issue stays on America's agenda. That we don't have a sigh of relief throughout the country because people somehow think that since the President proposed this legislation it's going to necessarily be passed and implemented. The President is committed to continuing to fight for his proposal to make child care better safer more affordable there are good child care bills on both sides of the aisle. Child care should not be a partisan issue we are not talking about taking care of democratic or republican or independent children we are talking about taking care of American children and we have to continue to push for significant legislation this year on behalf of our children. And we have a related issue that is connected to this one and that is the tobacco legislation that is currently in the Congress. We have an opportunity to reach agreement on historic legislation to save our children from the dangers of smoking. There are obviously difficult issues left unresolved but this is also a challenge to what kind of nation were going to be and how much care concern and protection we are going to extend our youngest citizens. Congress should act quickly to pass tobacco legislation and I hope that every citizen will make their voices heard on this important issue as well. Because we have an opportunity when it comes to the presidents education reform agenda, when it comes to his child care legislation when it comes to his proposal to try and do what we can to end teenage smoking. We have an opportunity to really continue to move forward on the American agenda for America's children but I am under no illusions that this will not be an easy effort, there are many forces arrayed against these pieces of the President's agenda for reasons that I think have very little to do with the well being and future prospects of our children. So I hope that we will take the energy that is in this room and take the example that we will hear more about that is set by each of our honorees and redouble our own efforts on behalf of doing what we can to bring about significant child care legislation in this session of Congress. Now its my pleasure to introduce Kate White, a working mom, a best selling author, the former editor of Child, working Woman and McCall's magazines, and no the editor -in-chief of Redbook. She brings with her a wealth of knowledge and understands about the concerns of working parents and families. But I think she like all of us would say that she's learned more about these important topics from the best experience of all, being a working mother. And she has the best evidence of that experience with her today because her son is here. Kate will be handing out and telling us about the winners of the mothers and shakers awards. Please welcome Kate White (Applause).

Democratic Child Care Proposal

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- Provides after-school care for up to one million children per year
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II. Dependent Care Tax Credit (DCTC) Reform:

- Increases the Dependent Care Tax Credit for all families with less than $60,000 in income. The new DCTC would be a 50% credit for families with less than $30,000 in income slowly phasing down to a 20% credit for families earning more than $60,000. The provision provides an average tax cut of $358 for eligible families. Cost: $5.1 billion over 5 years.

  30

  3 mil eligible fam.

- Establishes a tax credit for stay-at-home parents with children under the age of four. The credit would be equivalent to the average increase in tax relief provided to two-worker families with a young child through the expansion of the DCTC. Estimated Cost: $3.5 billion over 5 years.
- Prevents the Alternative Minimum Tax (AMT) from reducing the DCTC.

III. Assistance for Businesses

- Establishes a tax credit for businesses that provide child care services for their employees by building or expanding child care facilities, operating existing facilities, or training child care workers. The credit covers 25% of qualified costs, but may not exceed $150,000 per year. Cost: $500 million over 5 years.

- Grants to Businesses- Authorizes grants to business consortia to improve access to affordable, local, quality child care services 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 business have priority funding. Costs $75 million a year for 5 years.

IV. After School Program

- Provides after school care for up to half a million children per year by expanding 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-aged children.

- **After School Snacks:** Expands the number of programs and students eligible to participate in the Child and Adult Care Food Program (CACFP) at after-school programs. Current law only allows low-income kids up to age 13 to get subsidized snacks. This bill would extend that to age 18 and allow new programs to participate. Costs: $46 million/1st year. $200 million over 5 years.

- **Full-Service Community Schools:** A full-service school integrates the delivery of quality education with whatever health, social and cultural services that are required in that community.

- **Juvenile Justice:** Would direct existing juvenile justice funds to after-school prevention programs in areas with high crime levels or significant numbers of at-risk youth.

V. Quality Fund/Early Learning Fund

- Establishes a new Model State's Early Learning Fund -- $3 billion over 5 years --which provides challenge grants to communities (distributed to eligible states through CCDBG) to support programs to improve early learning and the quality and safety of child care for children ages 0-5. States may use the funds in a variety of activities including providing training to providers, improved child-staff ratios, pay for comprehensive background checks, expand parent education activities, and to improve the availability of care for children with special needs.

VI. Standards Enforcement Fund

- Sets up enforcement of state health and safety standards. Building on the military's model child care program, this proposed initiative will fund state efforts to improve licensing systems and enforce child care health and safety standards, including by increasing unannounced inspections of child care settings. Cost: $500 million over five years.

VII. Child Care Provider Scholarship Fund

- Increases scholarships and training for child care providers. The President proposed establishing a Child Care Provider Scholarship Fund to enable states to provide Scholarship funds to students working toward a child care credential. Eligible child care workers must commit to remaining in the field for at least one year for each year of assistance. Cost: $250 million over five years which will support 50,000 scholarships per year.

VIII. Research and Evaluation Fund

- Provides funding for data collection, research, and evaluation. The research fund will also support a National Center on Child Care Statistics and a child care hotline that parents can call to get information on how to find child care in their communities and how to identify appropriate, quality child care for their children. Cost: $150 million over 5 years.

IX. Agreed to Additional Proposals

- **Child and Adult Food Program:** Amends the National School Lunch Act to increase reimbursement rates for family or group day care homes under the child and adult care food program. Costs are $225 million over 5 years. (First section on Tier 2 program -- $40 million a year, second section on sponsor payments -- $5 million a year.)

- **Children's Development Commission Act**: Amends the National Housing Act to authorize the Secretary of Housing and Urban Development to insure mortgages for: (1) new or rehabilitated child care and development facilities, including mortgage insurance for fire safety equipment loans; and (2) purchase or refinance of existing child care and development facilities. Establishes the Children's Development Commission which shall: (1) issue facility standards and compliance certifications; and (2) make loans not in excess of $50,000 for facility rehabilitation or renovation. Authorizes appropriations. Directs the Secretary of the Treasury to conduct a study of the availability of child care facility secondary mortgage markets. **Costs:$100 million--** One-time allocation of funds, capped.

- **Sense of Congress**: It is the Sense of Congress that the monies appropriated under this bill will occur within the context of a balanced budget and be fully funded.

DEMOCRATIC CAUCUS
U.S. HOUSE OF REPRESENTATIVES

Vic Fazio, Chairman
Barbara B. Kennelly, Vice Chair

FAX COVER SHEET

To:

Name: NICOLE RABNER

Organization:

Department:

FAX NUMBER: **PHONE NUMBER:**

From:

Name: STEVEN MAVIGLIO

Message: Please circulate this to anyone on the conference call for discussion purposes
Talk to you in the mornin'

Number of Pages (including this cover sheet): 2

1420 Longworth House Office Building Washington, DC 20515
Phone: 202 226 3210 Fax: 202 225 9253 E-mail: democratic.caucus@mail.house.gov

DEMOCRATIC CAUCUS
U.S. HOUSE OF REPRESENTATIVES

Vic Fazio, Chairman
Barbara B. Kennelly, Vice Chair

NEWS

Democratic Caucus Child Care Event
Tuesday, June 9, 2 p.m., HC-137, The Capitol — 60-70 pc

Room
Space is *extremely limited* on Capitol Hill because Congress is in session. We are working to secure a room in the Capitol itself. We are looking at two rooms; neither accommodate more than 50 seats (plus a riser).

Lineup
We're planning on the following:

- Rep. Barbara Kennelly, Vice-Chair, Democratic Caucus, Original Sponsor of bill. 5 minutes to introduce bill, other Members, FLOTUS.
- *Working parent, 2 minutes. couple
- Stay-at-Home parent (African-American Mom from Virginia), 2 minutes
- *Law-Enforcement Official (to plug the after-school component of the bill), 2 minutes. early learning FCIK
- Child care provider (Dawn Mason-Affinito, Director, Friends Are Family Day Care, E. Haven, Ct.), 2 minutes.
- Rep. Tauscher (to introduce), 2 minutes.
- FLOTUS
- Sec. Shalala
- Rep. Kennelly to lead Q&A; others can exit at this point.

*(not yet identified)

Paper
- Press Release
- Outline of legislation/Fact Sheet
- Copies of remarks

1420 Longworth House Office Building Washington, DC 20515
Phone: 202 226 3210 Fax: 202 225 9253 E-mail: democratic.caucus@mail.house.gov

Mindy E. Myers
06/02/98 06:59:28 PM

Record Type: Record

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

cc:
Subject: Child Care Democratic Colleague

FYI - The Democratic Caucus is circulating this Dear Colleague around.
--------------------- Forwarded by Mindy E. Myers/WHO/EOP on 06/02/98 06:55 PM ---------------------------

"Marcus, Sean" <Sean.Marcus @ mail.house.gov>
06/02/98 06:54:31 PM

Record Type: Record

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

cc: Mindy E. Myers/WHO/EOP
Subject: Child Care Democratic Colleague

Enclosed is the Dear Colleague urging Members to support the Democratic Child Care Proposal. As a member of the Child Care Working Group, we would like your boss to sign on to the enclosed dear colleague before we send it out tomorrow. The summary of the bill will be attached to the dear colleague when it gets mailed to all Members tomorrow. The deadline to have your boss sign onto this letter will be 1:00 pm on Wednesday, June 3. Please e-mail or call me at X6-3210.

The final Child Care staff meeting will take place on Thursday, June 4 at 10:15a.m in 1416.

June 2, 1998

Dear Democratic Colleague:

In response to President Clinton's call to improve child care by making it safer and more affordable for America's working families, House Democrats will introduce our Democratic Child Care Proposal on Tuesday, June 9th. As part of the President's balanced budget, the Democratic proposal will introduce significant new investments in child care to help working families pay for child care, build a good supply of after-school programs, and improve the safety and quality of care and promote early learning.

We are writing to urge you to join us as original cosponsors of the Democratic Child Care bill to be introduced next week. This proposal doubles the number of children receiving child care assistance; increases tax credits for three million working families to help them pay for child care; establishes a stay-at-home credit for children under the age of four; provides after-school care for up to one million children per year; improves child care safety and quality; and enhances early childhood development.

Attached is a summary which will illustrate the major components of the Democratic bill. We urge you to join your colleagues in working to provide better child care to America's working families. If you have any questions or would like to add your name as an original cosponsor, please contact Sean Marcus at the Democratic Caucus at X6-3210.

Message Sent To: ____

"Asselbaye, Amy" <Amy.Asselbaye @ mail.house.gov>
"McCormick, Ann" <ann.mccormick @ mail.house.gov>
"Salay, Becky" <Becky.Salay @ mail.house.gov>
"MacDonald, Cat" <Cat.MacDonald @ mail.house.gov>
"Atkin, Catherine" <Catherine.Atkin @ mail.house.gov>
"Barone, Charles" <Charles.Barone @ mail.house.gov>
"Johnson, Cheryl" <Cheryl.Johnson @ mail.house.gov>
"Labonte, Chris" <Chris.Labonte @ mail.house.gov>
"Dwyre, Diana" <Diana.Dwyre @ mail.house.gov>
"Mahony, Gina" <Gina.Mahony @ mail.house.gov>
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"Kashen, Julie" <Julie.Kashen @ mail.house.gov>
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"Kero, Ken" <Ken.Kero @ mail.house.gov>
"Efurd, Laura" <Laura.Efurd @ housemail.house.gov>
"Coco, Leo" <Leo.Coco @ mail.house.gov>
"Bennett, Lesley" <Lesley.Bennett @ mail.house.gov>
"Levine, Lisa" <Lisa.Levine @ mail.house.gov>
"Theil, Lynda" <Lynda.Theil @ mail.house.gov>
"Phillips, Marci" <Marci.Phillips @ mail.house.gov>
"Nathanson, Melanie" <melanie.nathanson @ mail.house.gov>
"Worrell, Mildeen" <Mildeen.Worrell @ mail.house.gov>
"Gwyn, Nick" <Nick.Gwyn @ mail.house.gov>
"Patel, Rita" <Rita.Patel @ mail.house.gov>
"Clark, Sandra" <Sandra.Clark @ mail.house.gov>
"Rudisill, Shannon" <Shannon.Rudisill @ mail.house.gov>
"Lewis, Tina" <Tina.Lewis @ mail.house.gov>
"King, Andrea" <Andrea.King @ mail.house.gov>
"Marcus, Sean" <Sean.Marcus @ mail.house.gov>
"Fried, Ian" <Ian.Fried @ mail.house.gov>
"Levine, Lisa" <Lisa.Levine @ mail.house.gov>
"Klein, Elli" <Elli.Klein @ mail.house.gov>
'Amy Lockhart' <alockhar @ os.dhhs.gov>
"Surfas, Adriana" <Adriana.Surfas @ mail.house.gov>
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"Lamar, Veda"
<"IMCEAEX-_O=U+2ES+2E+20HOUSE+20OF+20REPRESENTATIVES_OU=U+2ES+2E+20HOUSE_CN=RECIPIENTS_CN=MEMBERS_cn=Cong+2E+20Clayton+20+28NC01+29_cn=USHouse+3FVeda+20Lamar" @ mail.house.gov>

Message Sent To:

Janet Murguia/WHO/EOP
Charles M. Brain/WHO/EOP
Elena Kagan/OPD/EOP
Jennifer L. Klein/OPD/EOP
Neera Tanden/WHO/EOP
Barbara Chow/OMB/EOP
Nicole R. Rabner/WHO/EOP
Dario J. Gomez/WHO/EOP
Laura Emmett/WHO/EOP
Sandra Yamin/OMB/EOP
Emil E. Parker/OPD/EOP

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THE WHITE HOUSE
WASHINGTON

Q's:

Treas at mtg? ✓
pieces all there? ✓
Riley? ☐

Karl → 1.m.
persn.

2^oo · Shalala Treasury
· Riley ?

MEMORANDUMMay 28, 1998

TO: Sean Markus

FROM: Mary Bourdette and Amy Lockhart

SUBJECT: Child Care bill

Here are several pieces of the omnibus child care bill with some notes about each. Lots of people on our side will want to review this again - but hoped this would help you put it all together into a giant package.

Section/Title I - Child Care Block Grant

Attachment A is the Administration language for the $7.5 billion addition in mandatory funds to the Child Care and Development Block Grant -- with the addition of language to direct 70% to working (i.e. not welfare) families per Kennelly; and 40% to children 0-3 per DeLauro. We've run this language by both Nick and Katrina and both were comfortable with it, but you should check in with them again.

Janet Holtzblatt
Marty

Sections II - through IV -- are not attached, because these are Treasury and Dept of Education issues. · bus tax · bus. tax · DCTC ·

I believe that Nick G. has worked with Treasury on the Kennelly language for Sections II and III and you were going to work with Tauscher's folks on the Section III Grants to Business.

On the Section IV Administration's after school language - hopefully you have received some language from Neera Tandem in the WH or Tom Kelley at Ed, but if not, let me know.

Neera to Sean

On the remaining Section IV pieces (After-school Snacks and Full-Service Community Schools, you were going to work with Woolsey and Hoyer/Lowey staff.

Section/Title V - Quality/Early Learning/Model State/EL Fund - Tauscher

Attachment B is the Administration language for the Early Learning Fund merged with the key features of Tauscher's bill that the group wanted included. Ken Kero also has a copy -- but we all need to talk further about this before anyone

Amy

Tauscher - model states -
certify doing these things for grants
inspect centers 2x/yr.

if he is going to insist - teeth -
prescriptive - inspecting
smack of nat'l standards

signs off on it.

Section/ Title VI - Standards Enforcement Fund

Attachment C is the Administration language for this fund. Tauscher's is a little different here - so we need to check in with Ken to see if ok to with ours.

Section/Title VII - Scholarship Fund

Attachment D is the Administration language for this fund.

Section/Title VIII - Research and Evaluation Fund

Attachment E is the Administration language for this fund -- again it is a little different than Tauscher, so we need to check in Ken to get his ok for this.

Section IX -- Nothing attached for these. You were going to use Tauscher's language for the Child and Adult Food Programs and Sense of Congress. Re Kiddie Mac - I know Treasury folks were going to meet with Maloney and try to figure out where we all are on this and hopefully check in with you as well.

House D's Child Care Bill - 5/15

- Total cost should be in the ballpark of the President's proposal of $21.7 billion.

CCDBG
- Use Administration language at $7.5 billion and add in Kennelly language on 70% in order to keep the emphasis on the working poor

Child and Dependent Tax Credit
- Use Kennelly piece on DCTC
- Include piece on stay-at-home
- AMT will have to be a member decision

Business Incentives
- Use Admin. language on tax credit (consortiums allowed?)
- Use Tauscher piece on grants to business consortiums. Add in language that says TA not limited to those who get the grants. (Amount to be determined)
  → Treasury reviewing DCTC and consortium pieces

After School Programs
- Use Admin. language with match and community partnerships, put in language to broaden program beyond rural and urban
- Add Woolsey Child and Adult Care Food Program and let members decide when they see the total package/cost
- Add Hoyer Full-Service Community Schools piece (should be no cost)
  → Education working on editing their piece

Early Learning Fund
- $3 billion over five years
- Build Tauscher certification piece into our language, (add in report mechanisms?)

Standards Enforcement Fund
- Admin's proposal (Tauscher language?)

Scholarship Fund
- Admin's proposal

Research and Evaluation
- Tauscher language ?

Child and Adult Food Program
- Tauscher language

Children's Development Commission Act
- Maloney H.R. 3637/Kiddie Mac - $10 million cap, one-time allocation

Sense of the Congress

- Language at end of Tauscher bill

Juvenile Justice

- Language in Slaughter H.R. 3400

Timeline

1. Press Event - Wednesday, 5/20 at 10 a.m. (?) with Administration representative
2. Bill introduction later

Head Start

- not included, on a separate track

SEC. 2. CHILD CARE SUBSIDY FUNDING.

(a) APPROPRIATION; ALLOCATION.—Section 418 of the Social Security Act (42 U.S.C. 618) is amended—

(1) by redesignating subsections (b), (c), and (d) as subsections (d), (e), and (f), respectively; and

(2) by inserting after subsection (a) the following new subsection:

"(b) CHILD CARE SUBSIDY FUNDING.—

"(1) APPROPRIATION.—There are appropriated out of any funds in the Treasury not otherwise appropriated, for allocation in accordance with this subsection—

"(A) $1,155,000,000 for fiscal year 1999;

"(B) $1,280,000,000 for fiscal year 2000;

"(C) $1,400,000,000 for fiscal year 2001;

"(D) $1,600,000,000 for fiscal year 2002;

"(E) $2,065,000,000 for fiscal year 2003; and

"(F) for each fiscal year after fiscal year 2003, such amount shall not be less than $2,065,000,000.

"(2) ALLOCATION OF APPROPRIATIONS.—Amounts appropriated for each fiscal year pursuant to paragraph (1) shall be allocated as follows:

"(A) AMOUNT FOR INDIAN TRIBES.—Up to two percent of the total amount appropriated shall be allocated to Indian tribes in proportional shares equal to the shares received by such tribes for such fiscal year under section 658O(c) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9801 et seq.) (hereafter in this section referred to as the 'CCDBG Act').

"(B) SECRETARY'S ACTIVITIES.—$1,000,000 is reserved to the Secretary and shall be available for quality assurance and quality improvement activities relating to programs under the CCDBG Act.

"(C) AMOUNTS FOR STATES AND TERRITORIES.—From the total amount remaining after application of subparagraphs (A) and (B), an amount shall be allocated to each State and territory based on the formula specified in section 403(n) (as such section was in effect before August 22, 1996) notwithstanding any limitation under section 1108.

"(i) Not less than 70 percent of the amounts received by a State under this subsection shall be used for child care assistance to working families who are not recipients of assistance under the State program funded under Section 403 (a) (1).

" (ii) Not less than 40 percent of the amounts received by a State under this subsection shall be used for child care assistance for children 0 to 3 years of age.

"(3) MATCHING PAYMENTS TO STATES AND TERRITORIES.—

"(A) QUALIFYING STATE EXPENDITURES.—Payments to a State under this subsection shall be made only with respect to State expenditures for a fiscal year in excess of expenditures necessary to secure payment of the full amount of the State's allotment (if any) under subsection (a)(2) (but without regard to subsection (a)(2)(D)).

"(B) FEDERAL PAYMENTS.—The Secretary shall pay to each State and territory for a fiscal year an amount equal to the lesser of its allotment under paragraph (2) or 80 percent of expenditures by the State or territory—

"(i) that are for any purpose authorized under the approved plan of such State or territory under the CCDBG Act;

"(ii) that, in the case of a State, meet the condition specified in subparagraph (A); and

"(iii) for which Federal matching payments or reimbursements have not otherwise been made.

"(C) REDISTRIBUTION.—The Secretary shall, to the extent necessary, determine the need for redistribution of, and redistribute, amounts allotted under this subsection to States, in accordance with the procedures and formula set forth in subsection (a)(2)(D).

"(4) PAYMENTS TO INDIAN TRIBES.—The Secretary shall pay to each Indian tribe for a fiscal year an amount equal to the lesser of–

"(A) its allotment under paragraph (2)(A); or

"(B) the total amount of expenditures by the tribe for purposes authorized under the CCDBG Act for which Federal payments have not otherwise been made.".

(b) INCLUSION OF TERRITORIES IN DEFINITIONS.—Section 418(f) of that Act, as redesignated by subsection (a)(1), is amended to read as follows:

"(f) DEFINITIONS.—As used in this section—

"(1) STATE.—The term 'State' means each of the 50 States, the District of Columbia, and (except for purposes of subsection (a)) the Commonwealth of Puerto Rico.

"(2) TERRITORY.—The term 'territory' means the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.".

(c) CONFORMING AMENDMENTS.—

(1) Section 418(a)(3) of that Act is amended by striking "this section" and inserting "this subsection".

(2) Section 418(d) of that Act (as redesignated by subsection (a)(1)) is amended in paragraphs (1) and (2) by striking "under this section" each place it appears and inserting "under subsection (a)".

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SEC. 3. EARLY LEARNING PROGRAM.

(a) FUNDING.▓Section 418 of the Social Security Act (42 U.S.C. 618) is amended by adding after subsection (b) (as added by section 2) the following new subsection:

▓(c) APPROPRIATIONS FOR EARLY LEARNING PROGRAM.▓

▓(1) IN GENERAL.▓There are appropriated out of any funds in the Treasury not otherwise appropriated, for carrying out activities related to early learning programs in accordance with this section and section 658T of the CCDBG Act, $600,000,000 for each of fiscal years 1999 through 2003, which shall be allocated in accordance with this subsection.

▓(2) ALLOCATION OF APPROPRIATIONS.▓Amounts appropriated for each fiscal year pursuant to paragraph (1) shall be allocated as follows:

▓(A) AMOUNT FOR INDIAN TRIBES.▓Up to two percent of the total amount appropriated shall be allocated to Indian tribes in proportional shares equal to the shares received by such tribes for such fiscal year under section 658O(c) of that Act.

▓(B) AMOUNTS FOR TERRITORIES.▓An amount shall be allotted to each territory that bears the same ratio to one-half of one percent of the total amount appropriated as the amount received by such territory for fiscal year 1997 under the CCDBG Act bears to the total amount received by all territories for such fiscal year under such Act.

▓(C) SECRETARY'S ACTIVITIES.▓$6,000,000 is reserved to the Secretary and shall be available for costs of providing technical assistance to, and conducting national evaluations of, State, local, and tribal early learning programs under such section 658T.

▒(D) AMOUNTS FOR STATES.▒From the total amount appropriated remaining after application of subparagraphs (A), (B), and (C), an amount shall be allocated among the States based on the formula used for determining the amount of Federal payments to the State under section 658O of the CCDBG Act.

▒(3) MATCHING PAYMENTS TO STATES AND TERRITORIES.▒

▒(A) FEDERAL PAYMENTS.▒The Secretary shall pay to each State and territory for a fiscal year an amount equal to the lesser of its allotment under paragraph (2) or 80 percent of expenditures by the State or territory for an early learning program under a plan approved under section 658T of the CCDBG Act.

▒(B) REDISTRIBUTION.▒The Secretary shall, to the extent necessary, determine the need for redistribution of, and redistribute, amounts allotted under this subsection to States, in accordance with the procedures and formula set forth in subsection (a)(2)(D).

▒(4) PAYMENTS TO INDIAN TRIBES.▒The Secretary shall pay to each Indian tribe for a fiscal year an amount equal to the lesser of its allotment under paragraph (2)(A) or the total amount of expenditures by the tribe for an early learning program under section 658T of the CCDBG Act.▒.

(b) ESTABLISHMENT OF EARLY LEARNING PROGRAM.▒

(1) STATE PLAN REQUIREMENT.▒Section 658E(c) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858c(c)) is amended by adding at the end the following new paragraph:

▒(6) EARLY LEARNING PROGRAM PLAN REQUIREMENTS.▒In the case of a State electing to implement an early learning program under section 658T, the State plan shall meet the requirements specified in section 658T(b)(2).".

(2) EARLY LEARNING PROGRAM.—That Act is amended by adding at the end the following new section:

"SEC. 658T. EARLY LEARNING PROGRAM.

"(a) PROGRAM PURPOSE.—The purpose of the program under this section is to enable States, through grants to communities, to support activities that promote children's healthy development during the earliest years of life and improve the quality of child care for children aged five and under, including those with disabilities.

"(b) REQUIREMENTS FOR STATE PARTICIPATION.—

"(1) IN GENERAL.—In order to be eligible for Federal matching funds under section 418(c) of the Social Security Act, the State shall have in effect under its plan under section 658E an early learning program plan meeting the requirements specified in paragraph (2).

"(2) EARLY LEARNING PROGRAM PLAN REQUIREMENTS.—The early learning program plan shall meet the following requirements:

"(A) LEAD AGENCY.—The plan shall provide that the program will be administered by the lead agency designated under 658D.

"(B) CERTIFICATION. -The plan shall include a certification that--

(i)there is in effect in such State, and that the State maintains a mechanism to enforce, a requirement that each center-based child care provider, and each group home child care provider, in such State obtain from such State, or from an entity of local government designated by such State, a preemployment criminal background check of each individual subsequently employed by such provider to provide child care services,

(ii)there is in effect in such State, and that such State enforces, a requirement that an entity of State or local government periodically inspect center-based child care providers, group home child care providers, family child care providers, and all other child care providers for compliance with the health and safety requirements applicable to such providers under State law.

(iii) there is in effect in such State, and that such State enforces, a requirement that all caregivers who provide child care services for which assistance is provided under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.), receive training in providing medical first aid.

(iv) there is in effect in such State, and that such State enforces, a requirement that caregivers who are, or are employed by, child care providers who provide child care services for compensation have specific minimum training as determined and provided by the lead agency.

(v) there is in effect in such State, and that such State enforces, a requirement that all child care providers in such State who provide child care services for compensation obtain from the parents (or legal guardians) of the children who receive such services information regarding whether such children have received age-appropriate immunizations in accordance with the then current immunization recommendations issued by the Centers for Disease Control and Prevention.

(vi) there is in effect in such State, and that such State enforces, a requirement that specifies developmentally appropriate child-per-caregiver ratios applicable to center-based child care providers in such State.

(vii) such State complies with section 58E(c)(4)(A) of the Child Care and Development Block Grant Act (42 U.S.C. 9858c(c)(4)(A)).

(C) ASSURANCES. -The plan shall include an assurance that--

(I) such State will comply with the requirements of this subtitle applicable with respect to such grant.

(ii) the State will not reduce or remove any requirement applicable to child care providers, that exceeds any requirement applicable under this title.

(D) COMMUNITY GRANT PROCEDURES. The plan shall describe the standards and procedures to be applied in the review and approval of community applications, and in setting amounts, terms, and conditions of community grants, including the methods to be used to ensure that no less than 70 percent of grant funds are awarded to low-income communities.

(E) COMMUNITY PARTICIPATION IN PLANNING AND MONITORING. The plan shall describe the methods to be used to ensure participation, in planning and monitoring activities under the community plan, of representatives of concerned elements of the community, including parents of young children, child care providers, child development professionals, early intervention specialists, health care providers, public school representatives, local interagency coordinating councils for children with disabilities, local government, and business leaders.

(F) PROGRAM ACTIVITIES. The plan shall specify which of the allowable activities enumerated in subsection (c) may be carried out under community grants under the plan.

(G) PERFORMANCE GOALS AND MEASURES. The plan shall specify

(i) performance goals to be achieved and the performance measures to be used to assess progress toward such goals under the plan, which░

(I) shall be developed pursuant to guidance provided by the Secretary and in consultation with local government authorities in accordance with section 658D(b)(2); and

(II) shall be designed to improve child development through coordination with health care services; enhanced early learning environments; parental involvement; consumer education; and increased rates of accreditation by nationally recognized accreditation organizations;

(ii) interim benchmarks and interim and long term timetables, as appropriate, for achieving each goal; and

(iii) the steps to be taken by the State or grantees in accordance with guidance provided by the Secretary if the specified benchmarks are not achieved.

"(H) COORDINATION WITH ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.░The State plan shall specify the methods to be used to coordinate activities under this section and section 658G(a), including coordination of planning and of performance goals and measures, in order to maximize the effectiveness of both programs.

░(c) ALLOWABLE ACTIVITIES.░An early learning program under a State plan under this section may provide for any or all of the following activities:

"(1) INFORMATION AND RESOURCES.░

"(A) PARENTING EDUCATION.░Provision of parenting education, including use of or collaboration with Even Start or similar programs, for parents of young children by means including use of community-based resource centers, family literacy programs with parenting education components, collaboration with early intervention and preschool providers of services for children, public elementary schools, centers that serve children with special health care needs or disabilities and their families, and home visiting programs.

"(B) INFORMATION AND REFERRAL.—Initiatives to develop or increase the availability of consumer education information and referral services and other resources to assist parents to locate and assess the quality of available child care services.

"(C) FAMILY CHILD CARE NETWORKS.—Development of support networks, information and referral services, and other supportive services addressing needs of family child care providers for access to such resources as education, training, and community support services.".

"(2) QUALITY AND AVAILABILITY.—

"(A) PROVIDER TRAINING.—Training of child care personnel, which may include training in early childhood development, early literacy, health, nutrition, hygiene, first-aid and safety, best practices for serving children with disabilities in child care, and other appropriate matters.

"(B) IMPROVED STAFFING RATIOS.—Initiatives to increase ratios of child care staff to children in care and to reduce child care group sizes.

"(C) LICENSING AND ACCREDITATION ASSISTANCE.—Assistance to entities and individuals in meeting applicable child care accreditation and licensing requirements and in obtaining licensing or accreditation.

"(D) HEALTH SERVICES.▒Improving coordination of child care with appropriate health services including health and mental health consultations, hearing and vision testing, and immunizations, by methods such as co-location of health and child care services, referrals of children in child care to health care providers or screening services, and transfer of child health records to public school at school entry. Services under this subparagraph shall not include direct provision of or payment for health care services.

"(E) CARE FOR CHILDREN WITH SPECIAL NEEDS.▒Increasing the availability and quality of child care for young children with special health care needs, developmental delays, and disabilities; and coordinating with early intervention and preschool special education services.

"(F) SALARY AND BENEFIT ENHANCEMENT.▒Assistance to child care programs to increase the quality and continuity of care by retaining highly qualified child care staff working directly with children through enhanced compensation.

"(G) MONITORING AND TECHNICAL ASSISTANCE.▒Technical assistance to grantees, and monitoring of programs, assisted under this section. State expenditures under this subparagraph shall not exceed a percentage of total State expenditures for the program under this section equal to 10 percent for each of fiscal years 1999 through 2001, and 5 percent for fiscal year 2002 and each succeeding fiscal year.▒,

"(H) COMPREHENSIVE BACKGROUND CHECKS. -to pay costs incurred to obtain comprehensive background checks required by section 658T (b) (2) (B) (i),

(c) ANNUAL REPORT.▒Section 658K(a)(2) of the Act (42

U.S.C. 9858i(a)(2)) is amended—

(1) by striking "and" at the end of subparagraph (D);

(2) by striking the period at the end of subparagraph (E) and inserting a semicolon; and

(3) by inserting after and below subparagraph (E) the following new subparagraphs:

"(F) the early learning program under section 658T, including—

"(i) the number and average dollar amount of grants awarded;

"(ii) the number, average dollar amount, and percentage of the total State award of such grants made to low-income communities;

"(iii) the number of early learning programs;

"(iv) the number of children served with special health care needs, disabilities or developmental delays;

"(v) the number of early learning programs that assist children with special needs;

"(vi) progress toward achievement of each performance goal, for each specific, quantifiable and measurable objective;

"(vii) expenditures for each allowable activity listed in section 658T(c), total expenditures and, to the extent feasible, the volume or frequency of such activity and the average expenditure per unit of such activity; and

"(viii) with respect to any allowable activity listed in section 658T(c) for which expenditures are made by the State both under section 658G(a) and under section 658T, the amount expended under each such section; and

(ix) such other data as the Secretary may require.

(d) 4% MINIMUM QUALITY EXPENDITURES. For an additional amendment relating to the provisions added by this section, see section 6.

SEC. 5. CHILD CARE STANDARDS ENFORCEMENT PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) (as amended by section 4(a)), is further amended by adding at the end the following new subsection:

"(c) CHILD CARE STANDARDS ENFORCEMENT.—

"(1) STATE PLAN REQUIREMENT.—In order to be eligible for funds under section 658J(a)(3), a State shall include in its plan under section 658E a child care standards enforcement plan, with the following elements:

"(A) ASSESSMENT OF CURRENT ENFORCEMENT PROGRAM.—An assessment of state enforcement programs in effect in fiscal year 1998 (or, if later, the base year as defined in section 658B(c)(2)(D)(i)) by provider type, including number of inspections, percentage of providers inspected, and scope of inspection.

"(B) GOALS AND MEASURES FOR IMPROVING ENFORCEMENT PROGRAMS.—A statement of goals to be achieved with respect to increasing the number of annual inspections, expansion of the scope or improvement of the quality of inspections, or a combination thereof, and performance measures to be used to assess progress toward such goals by provider type.

"(C) ENFORCEMENT IMPROVEMENT ACTIVITIES.— A description of the activities to be carried out with funds allotted to the State from amounts appropriated under section 658B(c), which may include—

"(i) initiatives to increase numbers of qualified staff engaged in licensing of child care providers and enforcement of licensing, health, safety, and other applicable standards;

"(ii) increased monitoring and enforcement activities, including unannounced inspections;

"(iii) development, and dissemination to the public, of information on health, safety and licensing violations, by provider; and "(iv) other activities designed to ensure provider compliance with applicable standards including coordination with section 658T(c)(2) activities under the early learning program such as licensing, accreditation, and monitoring of and technical assistance to grantees.

"(2) SUPPLEMENTATION OF OTHER FUNDING.—The State plan described in paragraph (1) shall contain assurances that Federal funds provided to the State under this subsection will not be used to supplant Federal or non-Federal funds for existing services and activities that promote the purposes of this subsection.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 658B of that Act (as amended by section 4) is further amended by adding at the end the following new subsection:

"(c) CHILD CARE STANDARDS ENFORCEMENT.—

"(1) APPROPRIATION.—There are authorized to be appropriated to carry out section 658G(c) $100,000,000 for each of fiscal years 1999 through 2003.

"(2) ALLOCATION OF APPROPRIATIONS.—Amounts appropriated for each fiscal year pursuant to paragraph (1) shall be allocated among States (as defined in section 658O) as follows:

"(A) BASIC GRANT.—The Secretary shall allocate to States, in accordance with the formula set forth in section 658O—

"(i) the amount appropriated under this section for fiscal year 1999, and

"(ii) the first $60,000,000 of such appropriations (or, if less, the total amount appropriated) for each of fiscal years 2000, 2001, and 2002.

"(B) SUPPLEMENT TO ACHIEVE $1 MILLION GRANT.—From the amount (if any) remaining after application of subparagraph (A), the Secretary shall allocate to each State that received an allocation of less than $1,000,000 under subparagraph (A) the lesser of—

"(i) the difference between such allocation and $1,000,000, or

"(ii) an amount bearing the same ratio to the amount remaining for allocation under this subparagraph as the difference determined for such State under clause (i) bears to the sum of such differences, as so determined, for all States described in this subparagraph.

"(C) PERFORMANCE BONUSES.—

"(i) IN GENERAL.—From the amount (if any) of the appropriation under paragraph (1) for each fiscal year remaining after application of subparagraphs (A) and (B), the Secretary shall allocate in accordance with the formula set forth in section 658O, to each State that has achieved in the preceding fiscal year either the inspection rate or the inspection change percentage specified in clause (ii) the lesser of—

"(I) 20 percent of the State's allocation under subparagraph (A); or

"(II) an amount bearing the same ratio to the amount available for allocation under this subparagraph as the amount determined for such State under subclause (I) bears to the sum of such amounts, as so determined, for all States described in this subparagraph.

"(ii) PERFORMANCE TARGETS.—For purposes of clause (i)—

"(I) the inspection rate shall be not less than 75 percent for fiscal year 1999, 85 percent for fiscal year 2000, and 95 percent for fiscal year 2001; and

"(II) the inspection change percentage shall be not less than 110 for fiscal year 1999, 115 for fiscal year 2000, and 125 for fiscal year 2001.

"(D) REMAINDER.—Amounts not allocated under subparagraphs (A), (B) and (C) shall remain available for allocation for the succeeding fiscal year in accordance with this subsection.

"(E) DEFINITIONS.—For the purposes of this paragraph the follow definitions apply:

"(i) "base year", with respect to a State, means the fiscal year preceding the first fiscal year for which the State seeks funding under section 658J(a)(3);

"(ii) "inspection change percentage" means, with respect to a fiscal year, the ratio of the number of child care facilities and providers in a State that were inspected in such fiscal year to the number of such facilities and providers that were inspected in the base year expressed as a percentage.

"(iii) "inspection rate" means the ratio of the number of child care facilities or providers receiving at least one inspection during a fiscal year to the total number of facilities or providers in operation in the State during that fiscal year.

(c) PAYMENTS.—Section 658J of that Act is amended by adding at the end the following new paragraph:

"(3) CHILD CARE STANDARDS ENFORCEMENT PROGRAM.—A State described in paragraph (1) whose plan under section 658E provides for child care standards enforcement under section 658G(c) shall be entitled to payment under this section in an amount equal to the lesser of its expenditures or allotment for such purpose under section 658O.".

(d) ANNUAL REPORT.—Section 658K(a)(2) (as amended by section 3(c) and section 4(e)) is further amended by inserting after and below subparagraph (G) the following new subparagraph:

"(H) enforcement of child care quality and safety standards, including data, by type of provider, on—

"(i) the number and percentage of facilities or providers inspected (and the number and percentage of facilities or providers receiving more than one inspection) and a comparison to the prior year's inspection rate;

"(ii) the numbers and types of deficiencies identified (and the numbers of serious deficiencies presenting risks to health or safety);

"(iii) the number of deficiencies remedied upon subsequent inspection, by type of deficiency; and

"(iv) such other data as the Secretary may require.".

(e) 4% MINIMUM QUALITY EXPENDITURES.—For an additional amendment relating to the provisions added by this section, see section 6.

SEC. 4. NATIONAL CHILD CARE PROVIDER SCHOLARSHIP PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Section 658G of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e) is amended—

(1) by inserting "(a)" before "A State"; and

(2) by adding at the end the following new subsection:

"(b) CHILD CARE PROVIDER SCHOLARSHIP PROGRAM.—

"(1) STATE PLAN REQUIREMENT.—In order to be eligible for funds under section 658J(a)(2), a State shall include in its plan under section 658E a child care provider scholarship program plan, meeting the requirements of this subsection, designed to further the goals of child care provider recruitment, training, credentialing, and retention.

"(2) ELIGIBILITY CRITERIA FOR SCHOLARSHIP APPLICANTS.—The State plan shall provide that, in order for an individual to be eligible for a scholarship grant under this subsection, the following requirements shall be met:

"(A) DEMONSTRATED COMMITMENT TO CHILD CARE CAREER.—The individual—

"(i) must be a child care worker who is (or is employed by) a licensed or registered child care provider, or has a commitment for employment from a licensed or registered child care provider; and

"(ii) must agree in writing to continue to be employed in the field of child care for at least one year after receiving the training for which assistance is provided.

"(B) COST SHARING BY APPLICANT.—

"(i) IN GENERAL.—The individual (either as provided in clause (ii) or otherwise) will provide funds for payment of a share of the cost of the education or training.

"(ii) APPLICATION FOR PELL GRANTS.—In the case of an application for a scholarship intended for use in an educational institution participating in the Pell Grant program under title IV of the

Higher Education Act, the individual shall apply for a grant under such program for which the individual is eligible.

"(C) EMPLOYER REQUIREMENTS.—In the case of an individual employed by (or who has a commitment for employment from) a licensed or registered child care provider—

"(i) COST SHARING.—The individual's employer must pay a share of the cost of the education or training.

"(ii) EMPLOYMENT AND REMUNERATION.—The individual's employer must agree to provide increased financial incentives to the individual, such as a salary increase or bonus, when the individual completes the education or training.

"(3) QUALIFYING EDUCATIONAL INSTITUTIONS.—The State plan shall specify the types of educational and training programs for which scholarships granted under the State program may be used, which shall be limited to (but may include any or all) programs that—

"(A) are administered by institutions of higher education that are eligible to participate in student financial assistance programs under title IV of the Higher Education Act of 1965; and

"(B) that lead to a State or national credential in child care or early childhood or early childhood special education, or to an associate or bachelor's degree in child development or early childhood education.

"(4) ANNUAL MAXIMUM SCHOLARSHIP GRANT AMOUNT.—The maximum amount of a scholarship awarded to an eligible individual under this section shall not exceed $1500 per year.

"(5) SUPPLEMENTATION OF OTHER FUNDING.—The State plan shall contain assurances that Federal funds provided to the State under this subsection will not be used to supplant Federal or non-Federal funds for existing services and activities that promote the purposes of this subsection."

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 658B of that Act (42 U.S.C. 9858) is amended—

(1) by striking “There is authorized” and inserting the following:

“(a) BASIC GRANT.—There are authorized”; and

(2) by adding at the end the following new subsection:

“(b) CHILD CARE PROVIDER SCHOLARSHIP PROGRAM.—There are authorized to be appropriated to carry out section 658G(b) $50,000,000 for each of fiscal years 1999 through 2003.".

(c) ALLOTMENT.—Section 658O of that Act (42 U.S.C. 9858m) is amended—

(1) in subsection (a)(1), by striking "this subchapter" and inserting "each subsection of section 658B";

(2) in subsection (a)(2), by striking "section 658B" and inserting "section 658B(a)";

(3) in subsection (b)(1), in the matter preceding subparagraph (A), by inserting "each subsection of" before "section 658B"; and

(4) in subsection (e)(1), by striking "the allotment under subsection (b)" and inserting "an allotment under subsection (b)".

(d) PAYMENTS.—Section 658J(a) of that Act (42 U.S.C. 9858h) is amended—

(1) by moving the text two ems to the right;

(2) by striking everything through "a State" and inserting the following:

"(a) IN GENERAL.—

"(1) BASIC GRANT.—A State"; and

(3) by adding at the end the following new paragraph:

“(2) CHILD CARE SCHOLARSHIP PROGRAM.—A State described in paragraph (1) whose plan under section 658E provides for a child care scholarship program under section 658G(b) shall be entitled to payment under this section in an amount equal to the lesser of its allotment under section 658O or 80 percent of expenditures by the State for such program.".

(e) ANNUAL REPORT.—Section 658K(a)(2) (as amended by section 3(c)) is further amended by inserting after and below subparagraph (F) the following new subparagraph:

"(G) the child care scholarship program, including—

"(i) the number of child care workers receiving scholarship grants;

"(ii) the amount of each scholarship grant;

"(iii) the number of course credits or credentials completed by individuals receiving scholarships;

"(iv) the number and percentage of child care workers receiving scholarship grants in the previous year who fulfilled their one-year commitment; and

"(v) such other data as the Secretary may require;"

(f) ACTIVITIES TO IMPROVE CHILD CARE QUALITY AMENDMENT.—For an additional amendment relating to the provisions added by this section, see section 6.

SEC. 7. **RESEARCH AND DEMONSTRATIONS.**

(a) ESTABLISHMENT OF RESEARCH AND DEMONSTRATION ACTIVITIES.—The Child Care and Development Block Grant Act of 1990 is amended by adding at the end the following new section:

"SEC. 658U. RESEARCH AND DEMONSTRATIONS.

"(a) IN GENERAL.—The Secretary is authorized, either directly or through grants, contracts, cooperative agreements, or other arrangements, to carry out research, demonstration projects, and other activities relating to child care, including activities designed to improve the quality and increase the availability of child care. Such activities shall be coordinated with activities under the Department of Education's Office of Educational Research and Improvement.

"(b) ALLOWABLE ACTIVITIES.—Activities under this section may include the following:

"(1) RESEARCH ON CHILD CARE NEEDS OF LOW-INCOME FAMILIES.—Research designed to identify and overcome barriers restricting availability, affordability, and quality of child care for low-income families.

"(2) RESEARCH ON GOOD POLICIES AND PRACTICES.—Research designed to identify good child care policies and practices, including the types of child care settings, parent activities, and provider training that most benefit the early development of children.

"(3) RESEARCH ON RETENTION OF CHILD CARE PROVIDER STAFF.—Research on factors affecting retention of child care provider staff, including the National Child Care Provider Scholarship Program under section 658G(b) and its subsequent effect on outcomes for children.

"(4) DEMONSTRATIONS OF TECHNOLOGY-BASED EDUCATION AND TRAINING.—Demonstration projects testing use of remote site and interactive computer technology to provide education and training to child care providers and parents.

"(5) DEMONSTRATION PROJECTS FOR NEW METHODS.—Demonstration projects addressing ways to assist parents, such as parents who choose to stay at home with their children and parents with particular child care needs, including parents of children with special health care needs or disabilities, homeless families, migrant families, teen parents and foster parents.

"(6) NATIONAL CENTER ON CHILD CARE STATISTICS.—Establishment and operation of a NATIONAL CENTER ON CHILD CARE STATISTICS for the collection and dissemination of data and information on child care.

"(7) HOTLINE AND CONSUMER EDUCATION.—Establishment and operation of a hotline to assist parents to locate their local child care resource and referral agency and public education activities to assist parents in becoming informed consumers of quality child care.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $30,000,000 for each of fiscal years 1999 through 2003.".

(b) REPORT TO CONGRESS.—Section 658L of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858j) is amended by inserting "and progress on development of research and demonstration projects as carried out under section 658U" after "under section 658K".

Department Of The Treasury
Office of Tax Analysis
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To: Neera Tanden
Firm/Organization: Domestic Policy Council

Fax Number: 456-2878
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Number of pages (including this cover sheet): 4

Date; Time: May 18, 1998; 8:30AM

From: Laura Kalambokidis
Phone: 202/622- 1789 Fax: 202/622- 2265

Comments: Following are our specs for the Administration's employer child care credit and a list of the differences between our specs and the Kennelly legislative language. Cathy Livingston (622-1343) will be available for technical assistance tomorrow. Both she and I will be out of the office today. I'll check my messages, though.

UNCLASSIFIED

Employer Credit for Expenses of Supporting Child Care

- Taxpayers would receive a credit against their Federal income tax equal to 25 percent of qualified expenses for employee child care. These expenses would include costs incurred:

  (1) to acquire, construct, rehabilitate, or expand property that is to be used as part of a taxpayer's qualified child care facility;

  (2) for the operation of a taxpayer's qualified child care facility; or

  (3) under contract with a qualified child care facility to provide child care services to employees of the taxpayer.

- The credit shall be included as a General Business Credit under IRC §38.

- To be a qualified child care facility, the principal use of the facility must be for child care, and the facility must be duly licensed by any State agency with jurisdiction over its operations.

- If the facility is owned and operated by the taxpayer, at least 30 percent of the children enrolled in the center (based on an annual average of the enrollment measured at the beginning of each month) must be children of the taxpayer's employees. If a taxpayer opens or acquires a new facility, it must meet the 30 percent employee enrollment requirement within two years of commencing operations. If a new facility failed to meet this requirement, the credit would be subject to recapture.

- To qualify for the credit, the taxpayer must offer child care services, either at its own facility or through third parties, on a basis that does not discriminate in favor of highly compensated employees (within the meaning of IRC §414(q)).

- A taxpayer would also be entitled to a credit for ten percent of expenses incurred to provide employees with child care resource and referral services. To qualify for this credit, resource and referral services must be offered on a basis that does not discriminate in favor of highly compensated employees (within the meaning of IRC §414(q)).

- A taxpayer's total credit under this provision would be limited to $150,000 per year.

- The credit would be available to a consortium of businesses that join together to create a child care facility. For each taxpayer in the consortium, the credit would be equal to 25 percent of qualified expenses incurred by that taxpayer (or the taxpayer's proportionate share of expenses incurred by the consortium), limited to $150,000 per year. For the purposes of the 30 percent employee enrollment requirement, a consortium of businesses is treated as a single taxpayer (that is, they do not each have to meet the threshold individually).

- Any deduction the taxpayer would otherwise be entitled to take for the qualified expenses shall be reduced by the amount of the credit. If the credit is taken for the expenses of acquiring, constructing, rehabilitating, or expanding a facility, the taxpayer's basis in the facility would be reduced by the amount of the credit. A rule similar to the rule in § 280C(c)(3), allowing a reduction in the credit and a compensating increase in any corresponding deduction would be provided.

- A taxpayer cannot take the credit for costs for which the taxpayer is reimbursed by its employees.

- A recapture rule applies if the child care facility ceases operation or changes ownership.

- The credit would be effective for taxable years beginning after December 31, 1998.

Office of Tax Policy
May 6, 1998

* = important differences

Differences between Kennelly's child care bill (H.R. 3292) and Tax Policy's "specs" for the Administration's employer child care credit: May 15, 1998

* 1. The Kennelly bill (KB) allows the credit to be taken for 25 percent of an employer's resource and referral costs; our specs reduce that credit rate to ten percent.

2. KB includes in qualified costs the "costs of seeking accreditation from a child care credentialing or accreditation entity"; our specs do not explicitly mention these costs. Presumably the bill means to include the direct costs of accreditation, such as fees, since other costs of obtaining accreditation (construction, remodeling, teacher training, etc.) would already be qualified costs. Doesn't it seem, though, that accreditation application fees might fall under operating costs, and so would not need to be explicitly mentioned?

3. Both KB and our specs state that the principal use of a qualified facility must be for child care. KB exempts at-home care providers from that requirement, while we do not.

4. KB includes the requirement from the Kohl bill that "enrollment in a facility is open to employees of the taxpayer during the year." In one of our earlier memos, Cathy wondered what that clause meant (e.g., does it mean that no employee of the taxpayer can be denied services from the center?). Hence, the clause does not appear in our specs.

* 5. KB includes the old Kohl bill rule that, if child care is the principal trade or business of the taxpayer, then 30 percent of enrollees must be dependents of the taxpayer's employees. In contrast, our specs apply that rule to all taxpayers and make clear how the percentage would be calculated, how the rule applies to start-ups, that the rule applies only to facilities owned and operated by the taxpayer (as opposed to facilities with which the taxpayer has a contract for services), and that violation of the rule would trigger recapture.

6. Both KB and our specs include an antidiscrimination rule, but our rule is explicitly applied to child care services provided through a third party.

7. KB includes a detailed recapture rule; our specs simply say that a recapture rule would apply.

8. KB includes a section listing "special rules"; our specs do not.

9. Our specs state how the credit can be used by a consortium of businesses; KB does not.

10. It is not clear to me whether KB's "no double benefit rule" section is the same as our rule that "any deduction the taxpayer would otherwise be entitled to take for the qualified expenses shall be reduced by the amount of the credit."

11. KB includes a section on conforming amendments; our specs do not.

Department Of The Treasury
Office of Tax Analysis
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

To: Neera Tanden
Firm/Organization: Domestic Policy Council

Fax Number: 456-2878
Phone Number: 456-6275

Number of pages (including this cover sheet): 3

Date; Time: May 15, 1998; 12:25PM

From: Laura Kalambokidis
Phone: 202/622- 1789 Fax: 202/622- 2265

Comments: Per your request.

UNCLASSIFIED

Specs to White House
5/7/98

Treasury specs

Employer Credit for Expenses of Supporting Child Care

- Taxpayers would receive a credit against their Federal income tax equal to 25 percent of qualified expenses for employee child care. These expenses would include costs incurred:

  (1) to acquire, construct, rehabilitate, or expand property that is to be used as part of a taxpayer's qualified child care facility;

  (2) for the operation of a taxpayer's qualified child care facility; or

  (3) under contract with a qualified child care facility to provide child care services to employees of the taxpayer.

- The credit shall be included as a General Business Credit under IRC §38.

- To be a qualified child care facility, the principal use of the facility must be for child care, and the facility must be duly licensed by any State agency with jurisdiction over its operations.

- If the facility is owned and operated by the taxpayer, at least 30 percent of the children enrolled in the center (based on an annual average of the enrollment measured at the beginning of each month) must be children of the taxpayer's employees. If a taxpayer opens or acquires a new facility, it must meet the 30 percent employee enrollment requirement within two years of commencing operations. If a new facility failed to meet this requirement, the credit would be subject to recapture.

- To qualify for the credit, the taxpayer must offer child care services, either at its own facility or through third parties, on a basis that does not discriminate in favor of highly compensated employees (within the meaning of IRC §414(q)).

- A taxpayer would also be entitled to a credit for ten percent of expenses incurred to provide employees with child care resource and referral services. To qualify for this credit, resource and referral services must be offered on a basis that does not discriminate in favor of highly compensated employees (within the meaning of IRC §414(q)).

- A taxpayer's total credit under this provision would be limited to $150,000 per year.

- The credit would be available to a consortium of businesses that join together to create a child care facility. For each taxpayer in the consortium, the credit would be equal to 25 percent of qualified expenses incurred by that taxpayer (or the taxpayer's proportionate share of expenses incurred by the consortium), limited to $150,000 per year. For the purposes of the 30 percent employee enrollment requirement, a consortium of businesses is treated as a single taxpayer (that is, they do not each have to meet the threshold individually).

- Any deduction the taxpayer would otherwise be entitled to take for the qualified expenses shall be reduced by the amount of the credit. If the credit is taken for the expenses of acquiring, constructing, rehabilitating, or expanding a facility, the taxpayer's basis in the facility would be reduced by the amount of the credit. A rule similar to the rule in § 280C(c)(3), allowing a reduction in the credit and a compensating increase in any corresponding deduction would be provided.

- A taxpayer cannot take the credit for costs for which the taxpayer is reimbursed by its employees.

- A recapture rule applies if the child care facility ceases operation or changes ownership.

- The credit would be effective for taxable years beginning after December 31, 1998.

Office of Tax Policy
May 6, 1998

Child Care Staff Meeting
Friday, May 15
9:00 AM

$7.5

Democratic Child Care Proposal Agreed Upon Principles:

- Doubles the number of children receiving child care subsidies.
- Increases tax credits for three million working families to help them pay for child care.
- Provides after-school care for up to a million children per year
- Improves child care safety and quality and enhances early childhood development.

- **Total cost over five years not to exceed President's Proposal of $21,~~7~~6 billion**

I. Child Care Block Grant (CCDBG)

Using Pres' proposal

- President's Proposal: 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.
- Kennelly Proposal: Provides an additional ~~$8~~ 7.5 billion in mandatory funding over 5 years through the CCDBG to augment current CCDBG funding. <u>Requirements</u>: States would have to draw down current CCDBG allocation before accessing the new funds; new funds would only require 20% states match; at least 70% of the new funding must be used for child care assistance to working, low-income families who are not on welfare.

<u>**Additional Proposals:**</u>

- (Tauscher, H.R. 3686): Increases the CCDBG funding to $2 billion for FY 1999-2003 and targets 70% of the additional funds to the working poor and those moving from welfare to work.

1. Alternative min. tax

II. Child and Dependent Tax Credit Reform:

- President's Proposal: Invests $5.1 billion over 5 years in the DCTC, increasing tax credits for three million working families with incomes below $60,000.
- Kennelly Proposal: Increases tax credit 50% for families with incomes of $30,000. Above $30,000--credit reduced by one percentage point for each $1000 above $30,000. Eligibility limited to $60,000. Also, prevents the Alternative Minimum Tax (AMT) from reducing this and other non-refundable tax credits. Costs are $5.1 billion over 5 years for DCTC.
  *Stay at Home Child Tax Credit (CTC)- for 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. Not scored. **(Members agreed to)** ~~To be dec~~

. An extra on score on AMT - to be added in Snr.
. It's a particular issue every item
less than $5 billion?
Q: of adoption adoptee phase out? No
Using Connelly

III. Tax Credit for Businesses

Pres' tax proposal

- President's Proposal: The child care initiative includes a tax credit to businesses that provide child care services for their employees by building or expanding child care facilities, operating existing facilities, training child care workers. The credit covers 25% of qualified costs, but may not exceed $150,000 per year. The President's budget will include approximately $500 million over 5 years for these tax credits. Consortium / Small business.
- Tauscher Proposal: Grants to Businesses- Directs the Secretary to make grants to States to provide grants to eligible entities to improve access to affordable, local, quality child care services. $100 million for 5 yrs. > Technical assistance
- Lowey Proposal: The Child Care Public - Private Partnership Act- Directs the Secretary of HHS to establish a business incentive grant program to provide child care through public-private partnerships. Costs $75 million over three years.

$100 million - for support services for small business: per co. / per facility
for authority for technical assistance:
* letters: explaining diff btwn
Seed $ for child care centers
Consortium of 5

$100 over 5.

Clarifying language: For doing consortium.

. Consortium:

\ Every item estimated?

Slaughter proposal

· inner city lang.
· match:
· community partnerships

IV. After School Program

Hamm. lang
w/ Kennelly
inner urban lang.

- President's Proposal: Provides after school for up to half a million children per year by expanding 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-aged children.
- Kennelly Proposal: Expands the 21st Century Learning Program by $~~1 billion~~ 800 million 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)~~.

10% set aside

go beyond rural/inner city? priorities but not preference but not limited.

Additional Proposals:

- **After School Snacks:** (Woolsey, H.R. 3086) - It expands the number of schools and students eligible to participate in the Child and Adult Care Food Program (CACFP) at after-school programs. Current law only allows low-income kids up to age 13 to get subsidized snacks. This bill would extend that to age 18. Costs: $46 million/ 1st year. $200 million over 5 years.

- **Full-Service Community Schools:** (Hoyer/ Lowey)- A full-service school integrates the delivery of quality education with whatever health, social and cultural services that are required in that community. ~~Costs: $800 million over five years~~.

Call Tim Kelley

(Note: Directs funds already in the President's initiative towards targeted after-school care and other services to be centered in the school building.)

~~Priorities~~ Using current programs as incentives

V. Early Learning Fund

criminal background check:

add front end stuff. for Tauscher

- President's Proposal: 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 0-5.

benchmark grant process

- Kennelly Proposal: Invests $3 billion over 5 years through the CCDBG to improve the quality and safety of child care. States may use the funds in a variety of activities. Funds would be distributed to states in the same manner as the current CCDBG, except state match would be lowered to 20%.
- Tauscher Proposal: Authorizes the Secretary to make challenge grants to eligible states to improve the quality of child care. States may use the funds in a variety of activities including providing training to providers, improved child-staff ratios, pay for comprehensive background checks, expand parent education activities, and to improve the availability of care for children with special needs. $5 billion over 5

$3 billion

certification - enforce mechanism - ~~ex~~. certification

VI. Head Start Increase

- President's Proposal: Increases investment in Head Start and doubles the number of children served by Early Head Start. The President's budget will invest $3.8 billion over five years to keep on track his commitment to serving one million children by 2002, and to double the number of infants and toddlers in Early Head to 80,000.

VII. Standards Enforcement Fund

- President's Proposal: Sets up enforcement of state health and safety standards. Building on the military's model child care program, this proposed initiative will fund state efforts to improve licencing systems and enforce child care health and safety standards, including by increasing unannounced inspections of child care settings. Costs are $500 million over five years.
- Tauscher Proposal: **Background Checks** - States must certify and maintain an enforcement mechanism for conducting background checks on Center-based providers and group home providers without charge to the provider. Costs $5 billion over 5 years.

VIII. Child Care Provider Scholarship Fund

- President's Proposal: Increases scholarships and training for child care providers. The President proposed establishing a Child Care Provider Scholarship Fund to enable states to provide Scholarship funds to students working toward a child care credential. Eligible child care workers must commit to remaining in the field for at least one year for each year of assistance. The President proposed an investment of $250 million over five years which will support 50,000 scholarships per year.

Proposal

- Tauscher Proposal: **Student Loan Deferral** - Amends the Higher Education Act of 1965 to provide for student loan deferral for certain child care providers under specified programs for federally insured loans, federally guaranteed loans, and Federal direct student loans. No specific cost known -- the Lazio/Tauscher Amendment (part of Higher Education bill passed authorizing "such sums as necessary".)

- Kenn~~elly Proposal:~~ Scholarship proposal much like ~~President's Initiative~~

IX. Research and Evaluation Fund

- President's Proposal: The President's budget will increase support for data, research, and evaluation. The research fund will also support a National Center on Child Care Statistics and a child care hotline that parents can call to get information on how to find child care in their communities and how to identify appropriate, quality child care for their children. Costs: $150 million over 5 years.

Tauscher 10y

Additional Proposals:

- **Child and Adult Food Program:** (Tauscher, H.R. 3686) - Amends the National School Lunch Act to increase reimbursement rates for family or group day care homes under the child and adult care food program. Costs are $225 million over 5 years. (First section on Tier 2 program -- $40 million a year, second section on sponsor payments -- $5 million a year.)

- **Children's Development Commission Act**: (Maloney H.R. 3637 Kiddie Mac) - Amends the National Housing Act to authorize the Secretary of Housing and Urban Development to insure mortgages for: (1) new or rehabilitated child care and development facilities, including mortgage insurance for fire safety equipment loans; and (2) purchase or refinance of existing child care and development facilities. Establishes the Children's Development Commission which shall: (1) issue facility standards and compliance certifications; and (2) make loans not in excess of $50,000 for facility rehabilitation or renovation. Authorizes appropriations. Directs the Secretary of the Treasury to conduct a study of the availability of child care facility secondary mortgage markets. Costs:$10 million-- One time allocation of funds. - Campbell

- (Tauscher, H.R. 3686)

Small things

Sense of Congress - w/in context to BA

$\boxed{\text{HR 3400}}$ - Slaughter bill

June 3 -

Child Care Staff Working Group
Wednesday, May 20
10:30 PM

Democratic Child Care Proposal Agreed Upon Principles:

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- Improves child care safety and quality and enhances early childhood development.

- **Total cost over five years should be the same as the President's Proposal of $21.7 billion.**

I. Child Care Block Grant (CCDBG)

- President's Proposal: 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. **At least 70% of the new funding must be used for child care assistance to working, low-income families who are not on welfare. (Kennelly)**

Discussion Item: **Find administratively feasible way to earmark part of new monies for kids age 0-3 yrs.**

II. Child and Dependent Tax Credit Reform:

- Kennelly Proposal: Increases tax credit 50% for families with incomes of $30,000. Above $30,000--credit reduced by one percentage point for each $1000 above $30,000. Eligibility limited to $60,000. Costs are $5.2 billion over 5 years for DCTC.

  *Stay at Home Child Tax Credit (CTC)- for stay-at-home parents with children under 4. The credit would be equivalent to the average increase in tax relief provided to two-worker families with a young child through the expansion of the DCTC. Estimated Costs: $3.5 billion over 5 years.

  Preventing the Alternative Minimum Tax (AMT) from reducing the DCTC (Kennelly). May cost about $1 billion over 5 years. **(Approved)**

designated in President's balanced budget.
(~~Note:~~ Will refer to piece in President's balanced budget. Not including costs in this bill.)

House D's Child Care Bill - 5/20

Amy

onto our lang

CCDBG: $7.5 B
- Admin. language and add in Kennelly language on 70% in order to keep the emphasis on the working poor; add language so that not less than 40% of the new CCDBG money goes to 0-3 *

Put 70%; 40%

➔ Cat and Nick will work on this, coordinate with HHS

Child and Dependent Tax Credit:
- Kennelly DCTC language - $5.2B
- Stay-at-Home Credit - $3.5 B
- AMT piece - $1 B

➔ language already drafted

Treasury review

Nick work Treasury

NICK

Assistance to Businesses:
- Admin. language on ~~tax credit - $500 M~~ Kennelly language
- Tauscher grants to business ~~consortiums~~ortiums. Add in ~~language that says~~ TA not limited to those who get the grants. $375 M ?

➔?

After School Programs: Need language ASAP
- Admin. language with match and community partnerships, put in language to broaden program beyond rural and urban - $800 M
- Woolsey Child and Adult Care Food Program - $200 M
- Hoyer Full-Service Community Schools piece - no cost

➔ Work with Nick to coordinate 21st Century piece; language drafted on Woolsey and Hoyer pieces

Early Learning Fund: we're trying to do it
- Combine Admin with Tauscher certification piece; emphasize special needs - $3 B

➔ Admin

Amy

Standards Enforcement Fund:
- Tauscher language - $500 M

➔ language already drafted

More Tauscher language

New

Scholarship Fund:
- Admin. language - $250 M

➔ language already drafted

Research and Evaluation:
- Tauscher language ? - $15 M

➔ Look at language

New

6/11 - Select - Exec

Child and Adult Food Program:

- Tauscher language - $225 M just for kids

→ Language already drafted

Children's Development Commission Act:

- Proposed cost $100 million? 10 M?; problems with Davis-Bacon, labor unions, etc.

→ Mary coordinate White House group looking at Kiddie Mac and put them in touch with Sean, can iron details out with Maloney staff

Sense of the Congress

Juvenile Justice

- will encourage use of funds for prevention

→?

Timeline:

May 22 ~~- have ELF piece done to run by Ken~~
May 29 - have pieces together to submit - Sean will collect
June 3 - absolute date to have bill done
June ~~10~~ 9 or thereabouts - event with FLOTUS participation

26 - Tu
27 W
28 Th
29

Clotie in town

Sean Maroney

Treasury

Nicole

Jen Klein

622-0714 Kiddie Mac

Amy

into our leg

House D's Child Care Bill - 5/20

CCDBG: ~~$7.5 B~~

Put 70%; 40%

- Admin. language and add in Kennelly language on 70% in order to keep the emphasis on the working poor; add language so that not less than 40% of the new CCDBG money goes to 0-3 *

→ Cat and Nick will work on this, coordinate with HHS = (give our language)

Child and Dependent Tax Credit:

- Kennelly DCTC language - $5.2B
- Stay-at-Home Credit - $3.5 B
- AMT piece - $1 B

→ language already drafted

Treasury Irene

Nick work Treasury

NICK

Gwyn

Assistance to Businesses:

- ~~Admin. language on tax credit - $500 M~~ Kennelly language
- Tauscher grants to business ~~consortiums~~. Add in ~~language that says~~ TA not limited to those who get the grants. $375 M ?

→?

After School Programs: Need language ASAP + review

Need OMB cleared after school 100 comm partnership + actual 7

- Admin. language with match and community partnerships, put in language to broaden program beyond rural and urban - $800 M
- Woolsey Child and Adult Care Food Program - $200 M
- Hoyer Full-Service Community Schools piece - no cost

(Sent up to Irene)

→ Work with Nick to coordinate 21st Century piece; language drafted on Woolsey and Hoyer pieces

Early Learning Fund: we're try to do it

Amy

- Combine Admin with Tauscher certification piece; emphasize special needs - $3 B

we're doing it.

→ Admin

Standards Enforcement Fund:

New

- Tauscher language - $500 M
→ language already drafted

~~Gloria~~ Tauscher language

Scholarship Fund:

Amy

- Admin. language - $250 M

→ language already drafted

OK

Research and Evaluation:

New

- Tauscher language ? - $15 M

→ Look at language

6/11 - Science - Eval

Child and Adult Food Program:

- Tauscher language - $225 M just for kids

➔ Language already drafted

Children's Development Commission Act:

- Proposed cost $100 million? 10 M?; problems with Davis-Bacon, labor unions, etc.

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Nicole

Treasury

622-0714 Kiddie Mac