ZERO TO THREE℠

National Center for Infants, Toddlers and Families

MEMORANDUM

TO: Jennifer Klein, Special Assistant to the President for Domestic Policy, and Nicole Rabner, Assoc. Director for Domestic Policy

mem

FROM: Matthew E. Melmed and Abbey Griffin

RE: White House Conference On Child Care: Topics and Key Issues for Infants, Toddlers, Their Families, and Their Caregivers

ATT: List of names, addresses and telephone/fax of suggested speakers

In response to your request for suggestions for the agenda of the White House Conference on Child Care to be held October, 23, 1997, ZERO TO THREE staff have identified the most pressing issues facing families with infants and toddlers who are looking for, or have their babies in child care. We have organized these issues around two major topics and four subtopics that we hope will be helpful to you in organizing the conference agenda. The topics and subtopics are:

1. **Parent choice:** (a) parental leave; (b) informed choice, affordable choice, and an adequate supply of infant/toddler child care from which to choose.
2. **Quality infant/toddler child care:** (a) quality experience for <u>infants and toddlers</u>; (b) trained child care staff who have adequate compensation and benefits.

We assume that a panel format is the most efficient strategy for a one-day conference and that the President and First Lady would like these panels to be representative of American families (including fathers and grandparents), racial/ethnic and income groups. Infant and toddler child care merits special attention on these panels. It is the fastest growing sector of the child care market. It is also most expensive, most difficult to find, and more likely to be unregulated and of poor quality. The age and needs of this age group make it very different from preschool or school-age care and, thus, we strongly recommend a special session on infant/toddler child care issues.

Following the charge given to us at the two focus groups, we offer a rationale for each topic and its subtopics. We make specific policy recommendations, and suggest presentation strategies and speakers. For clarity, we use the following format:

1. Topic
   - rationale
   - policy initiatives
   - panel composition strategies
   - suggested speakers on infant/toddler child care

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Formerly the National Center for Clinical Infant Programs

1. Parent Choice

1(a) Parental Leave

<u>Rationale:</u>
The President has already moved the nation forward with his ground-breaking **Parental Leave** legislation. More of our families need this critical choice. We have a rich history of research demonstrating that secure attachment to a few caring, responsive adults is the primary challenge of the first year of life. It is within the circle of security formed by these important relationships that infants can explore their world and test their emerging skills. It is this secure environment that nourishes the infant's developing brain. Thus, it is a matter of national importance that parents who want to stay home have that choice for the first year of their baby's life.

Those who choose or <u>must</u> work during this first year, and the first three years of their babies lives, deserve workplace personnel policies that address their roles as parents of infants and toddlers. Businesses and organizations across the country have made great strides by encouraging family-friendly personnel polices. This could be a reality for all families as it is in other industrial nations.

<u>Proposed policy initiatives:</u>

- **Extend parental leave to 3 months of <u>paid</u> leave applicable to all employed parents (including adoptive parents, foster parents, and relatives who have guardianship for the baby) and 9 months of <u>unpaid leave with job security</u>.**

- **Encourage the full use of, and expand tax incentives to small and large employers who offer paid leave of 3 months and 9 additional months of unpaid leave with job security.**

- **Offer incentives to states who give welfare waivers to families with infants under 1 year of age.**

- **Increase tax credits that benefit all families and working parents: (1) the federal income tax credit for child and dependent care and (2) the federal provision authorizing employer-sponsored dependent care assistance plans.**

- **Encourage the full use of and expand corporate income tax credits of up to 50% for the cost of an employee child care benefit.**

<u>Strategies:</u>

- This panel might be constructed to represent issues across age groups. It would be useful for this panel to include a business leader who has adopted a liberal parental leave policy. A parent who has struggled to balance work and family and who has had a leg-up from his or her employer would make a useful contribution. We have suggested two speakers that can address the wide range of issues offering special insight into the developmental needs of infants and toddlers, and the possible damage to the child and society of not meeting these needs.

<u>Proposed Speakers:</u>
Roger Brown, CEO, Bright Horizons Children's Centers, excellent plenary speaker at ZERO TO THREE's 1996 National Training Conference on contracting with managed care for health services.

Kyle Pruett, M.D. - Yale Child Study Center, Child Psychiatrist, ZTT Board member, author of Fatherhood, contributor to numerous parenting magazines, well spoken and very media savvy.

Edward C. Zigler, Ph.D. - Yale Department of Psychology, life member of ZTT Board, a founder of the Head Start program, many years of advocacy for parental leave, and many publications on the subject.

1(b) Informed choice, affordable choice, and an adequate supply of infant/toddler child care from which to choose

Rationale:

Our Parent Survey, mentioned by the First Lady at the April 17, 1997 conference, indicated serious gaps in parents' information about infant/toddler child care and concerns about whether they could find or had found quality care for their babies. Parents must be able to make **informed choices**. Consumer information and experts to talk to are vital resources for all communities. The best example are state and community based child care resource and referral organizations. Child care resource and referral agencies have emerged and proliferated across the country over the last decade, and, especially through the Child Care and Development Block Grant 25% set-aside -- this fledgling infrastructure may be in danger without a Federal mandate that states set-aside funds for quality improvement.

Families recount horror stories of trying to find infant/toddler child care, of being on waiting lists for years, of finding that they can't afford the child care they want for their babies. Thus, it is critical we address the need for **affordable choice** and **an adequate supply of infant/toddler child care from which to choose**.

Regardless of income, infant/toddler child care is not only the most difficult to find, but also less likely to be licensed and more likely to be of poorest quality. Forty-five percent (45%) of infants under 1 year and 68% of children under 3 years of age are regularly cared for by someone other than their parents. In the critical first year of life, only 7% of our babies are cared for in licensed child care centers, and, approximately 15% in licensed family child care homes. Twenty percent (20%) of children under 24 months and 41% of toddlers 24 to 36 months of age are cared for in licensed child care centers or family child care homes (*National Household Education Survey*, National Center for Educational Statistics, 1995). Licensing and monitoring represents a minimal floor of quality, primarily health and safety.

What choices do families really have when there are so few places where they can expect minimal consumer protection?

Families of all income levels deserve **choice and equal access** to the type and quality of care they want for their babies. They also deserve basic consumer protections in any type of care they choose. We must increase the supply of quality care, beginning with the supply of licensed child care of various types. Real choice means having a variety of infant/toddler child care arrangements from which to choose, information on quality, basic consumer protections, and the financial resources that assures every family equal access to the care they choose.

Proposed Policy initiatives:

- **Request that the Department of Health and Human services strengthen the proposed Child Care Regulations for the Child Care and Development Fund block grant (published July 23, 1997 and currently out for review and comment) by instructing states to invest at least 25% of their Child and Development Fund in licensing, monitoring, scholarships for training, funds for child care facilities improvement, expand community-based child care resource and referral programs and consumer information.**

- **Ensuring equal access by setting state payment rates for child care vouchers and subsidies at or above the 75th percentile of the rate in the child care market, based on a biennial market rate survey.**

- **Strongly encourage states to offer differential rates -- higher rates for child care that are of higher quality (e.g., meet licensing requirements and are licensed, have trained staff, are nationally accredited).**

- **Require states to set differential rates for different age group and populations of children -- (i.e., children birth to 3; children with special needs).**

- **Reinstate the 25% quality Set-Aside in the Child Care Services Block Grant (now called the Child Care and Development Fund).**

- **Offer Federal agency grants and contracts for the expansion and improvement of state licensing rules and monitoring systems.**

- **Offer Federal agency grants and contracts to improve facilities, create new facilities.**

- **Charge all Executive Branch Departments to look for funds that could be used by states for increasing the supply, encouraging consumer protections, and participating in a joint consumer education campaign.**

Strategies:

A panel format would allow parents, representatives of child care resource and referral agencies, infant/toddler experts, state child care licensing staff to speak to the issues of increasing the supply and protection of the consumer.

Proposed Speakers:

Bernice Weissbourd, M.A., - President, Family Focus, Inc., ZTT Board Member.

Gwen Morgan, M.S. - Director Wheelock College Center for Career Development in Early Care and Education, Co-Director Work/Family Directions

Bruce Liggett - Child Care Project Manager, Arizona Dept. of Economic Security, Division of Social Services,

2. Quality Infant/Toddler Child Care

2(a) Quality experience for infants and their families

Rationale:

National studies have shown that 40% of observed, licensed infant/toddler rooms in child care centers did not meet the most basic health, safety and sanitation standards. The authors of the *Cost, Quality and Child Outcomes Study in Child Care Centers* (Helburn, Cuklin, Howes, et al., 1995) concluded that such program "put infants at risk." Their study looked at licensed child care center, where one would expect basic consumer protections for all families.

The Study of Children in Family Child Care and Relative Care (Families and Work Institute, 1994) looked at many unlicensed or minimally registered (or certified) child care options. They found that 56% of the infant-toddler care were "adequate/custodial" or not "growth-enhancing" and 35% were "growth-harming" thus putting infants and toddlers "at risk."

Over the last 20 years, we have compiled numerous studies, high level commission and major national reports that evidence amazing consistency in the characteristics that define quality child care. They are: (1) caregiver qualifications; (2) stability and continuity of caregivers; (3) group size; (4) child/staff ratios; (5) structure and content of daily activities including health and safety; and (6) organization of space. The abysmally low salaries and lack of benefits has been identified as the primary cause of a 40-50% turn-over rate that makes it impossible for most programs to attain any of these characteristics.

ZERO TO THREE's 1975 *Caring for Infants and Toddlers in Groups: Developmentally Appropriate Practices*, stresses five features that are particularly important for infants and toddlers: (1) a strong emphasis on health, safety and mental health; (2) primary caregiver assignments so that each infant and toddler has a secure, continuous relationship within the child care setting; (3) responsive caregiving/planning; (4) cultural and linguistic continuity; and (5) meeting the needs of the individuals within the group. Again, low salaries, lack of benefits and high staff turn-over undermine the efforts of child care programs to offer the quality of experience for infants and toddlers that is essential to fostering healthy development.

The research that went into *Caring for Infants and Toddlers in Groups* and ZERO TO THREE's 1972 *Heart Start: The Emotional Foundations of School Readiness* demonstrates a strong relationship between characteristics of quality with school readiness and productive futures for children. Both documents stress that group care for infants and toddlers is very different from preschool -- the needs of babies are different, the needs of families are different, thus the knowledge and skills required of infant/toddler caregivers are different.

Proposed Policy initiatives:

- **Initiate legislation to assure consumer protections, including consumer information for all families regardless of income in any form of group care they might choose.** Consumer protection legislation exists for low-income children participating in Early Head Start through the Revised Performance Standards (1996). These standards will apply to child care used by families with children in Early Head Start Programs. Two decades ago, we made significant effort to assure consumer protection for all children that resulted in the HEW Child Day Care Regulations, approved in 1981 but never implemented.

- **Reinstate the previous 25% set-aside for quality improvement that was in the Child Care and Development Block Grant but was reduced to 4% in the Child Care and Development Fund.**

- **Charge all Executive Branch Departments to look for funds that could be used by states for the education and training, and salary/benefit improvements needed to assure a stable, continuous child care work force.**

- **Use the tax code and other incentives to invite the business community to invest in quality child care for all children.**

Strategies:
ZERO TO THREE strongly recommends one session at the White House Conference dedicated to infant/toddler child care. A panel might include parents, national experts from several disciplines, child care professional associations and parent organizations.

Proposed Speakers:
Carolee Howes, Ph.D., UCLA Infant Development Program, researcher on recent national child care studies, expert on infant attachment relationships with parents and caregivers, a major contributor to our knowledge of the dynamics of child care and their effects on very young children.

Sheila B. Kamerman, Ph.D., Professor of Social Policy and Planning, Co-Director, Cross-National Studies Research Program, Columbia University School of Social Work, New York, NY, eloquent speaker, knowledgeable about child care financing in many countries.

J. Ronald Lally, Ph.D., Director of the Center for Child and Family Studies, WestEd, Far West Laboratory for Educational Research and Development, California, ZTT Board member, Sausalito, CA, research director on the longest study of infants, toddlers and families in a comprehensive child and family development program (The Syracuse Child and Family Development Research Project), and author/Director of Training of the California State Department of Education's *Program for Infant and Toddler Caregivers.*

Jeree Pawl, Ph.D., Clinical Professor, Dept. of Psychiatry, UCSF, Director, of Infant-Parent Program San Francisco General Hospital, San Francisco, CA, President of ZERO TO THREE Board of Directors, prolific writer, wonderful speaker, expert on the relationships of infants and toddlers with their parents and caregivers, and between parents and caregivers.

Matthew Melmed, esq., Executive Director, ZERO TO THREE: National Center for Infants, Toddlers and Families, Washington D.C., national spokesman for infant, toddler and family issues with a long history of influencing and mobilizing corporations, national, state and community leaders.

2(b) Trained care staff who have adequate compensation and benefits

Researchers since the early studies of group care in the 1930's have pointed to the knowledge, skill and practice of caregivers as the most important ingredient to quality care and education of young children. Caring for infants and toddlers in groups requires specialized skills and knowledge as well as good program management. Infant/toddler caregivers must be firmly grounded in early development. They must be keen observers to identify the individual temperaments, needs, interests, references, and differences related to the baby's family and community culture.

We can be proud of our military and of the Federally funded Head Start Program with its "new baby," the Early Head Start Program. Each have made significant efforts to develop and enforce standards, provide incentives and funding for professional development and career advancement within the child care field. The Department of Defense has major initiatives in each of armed forces divisions to promote, assist and reward child care programs that pursue national accreditation. Head Start's proposed Revised Performance Standards require their grantees to work to improve the quality of child care service. Thus, they protect the low-income babies and families in their programs from the damage that can done by under funded, unqualified, unmonitored, poor quality child care.

Shouldn't all babies and families have these protections? Shouldn't all those who dedicate themselves to serving our youngest citizens and their families have the right to decent working conditions, decent pay and benefits, and opportunities to advance professionally?

Proposed Policy initiatives:

- **Increase funds for state education scholarships to support certification through the Child Development Associates Program, Associate and Bachelors degrees.**

- **Direct the Departments of Health and Human Services and Education to work together to (a) increase funding for specialized child care training; (b) encourage high schools, vocational and technical schools, community colleges and 4-year colleges and universities to offer early care and education degrees with a strong foundation of course work in early development.**

- **Reinstate the previous 25% set-aside for quality improvement that was in the Child Care and Development Block Grant but was reduced to 4% in the Child Care and Development Fund.**

- **Charge all Executive Branch Departments to look for funds that could be used by states for the education and training, and salary/benefit improvements needed to assure a stable, continuous child care work force.**

- **Continue to increase tax incentives to business and public subsidies that help families afford the real cost of care.**

- **Continue to increase and find innovative ways to offset the real cost of infant/toddler child care through the tax code.**

Strategies:

ZERO TO THREE recognizes that these are issues faced by all involved in the early care and education system. However, because infant/toddler care is so different from preschool and I such a critical time in a child's life, we believe it is essential to have speakers who are knowledgeable about the birth to three period.

Speakers:
Jeree Pawl, Ph.D., Clinical Professor, Dept. of Psychiatry, UCSF, Director, of Infant-Parent Program San Francisco General Hospital, San Francisco, CA, President of ZERO TO THREE Board

Carol Brunson Phillips, Ph.D., Executive Director, Council on Early Childhood Professional Recognition, Washington D.C.

Deborah Phillips, Ph.D., Director, Board on Children and Families, National Research Council, Washington D.C.

Andi Genser, Director, Wheelock College Center for Career Development in Early Care and Education, Boston, MA

Sue Bredekamp, Director, National Academy, National Association for the Education of Young Children, Washington D.C.

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The Family Investment Package: A Modest Proposal

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

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

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

The key elements of the Package are:

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

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

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

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

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

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

Child Care Action Campaign
March 3, 1997

CCAC

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August 5, 1997

Ms. Jennifer Klein
Senior Policy Analyst
Domestic Policy Council
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The White House
Washington, DC 20502

Dear Jennifer:

Enclosed are the points of general consensus about the White House Conference on Child Care that have emerged from discussions among members of the Media Strategies Group and other leaders in the early childhood field. Although expert opinion varies regarding some of the details, we believe we have captured a very good "sense of the field." We hope that it provides useful guidance.

As you will know by the time this letter arrives, Annie Murphy, editor of *Parents* magazine, and Sey Chassler, former editor of *Redbook*, have offered to rally other women's magazine editors to publish a letter about child care from President and Mrs. Clinton in their November issues. These issues will hit the stands about the time of the conference. Ellen Lubell will be speaking with you soon about this exciting opportunity.

The Media Strategies Group will meet twice before the conference, once on September 17 and again on October 8. If you would like to attend either or both meetings, or if you would like to have us gather feedback for you concerning issues you are working on, please let either Kathy Bonk or me know.

Finally, if the Child Care Action Campaign itself can be of assistance, we would be happy to do so. We have projects in a dozen states, a National Advisory Panel of hundreds of leaders across the country, and access to multiple sources of information at state and local levels.

We are looking forward to a White House Conference on Child Care that has real impact at national, state, and local levels. We are impressed by your understanding and commitment, and we are glad you are playing a central role in creating this important national event.

Sincerely

Gail

Gail Richardson, Ph.D.
Interim Executive Director

early care
and education

POINTS OF CONSENSUS ABOUT
THE WHITE HOUSE CONFERENCE ON CHILD CARE
Media Strategies Group
Summer 1997

Purpose

- Child care is a real life issue of concern to all working families in America. Achieving good quality child care is a national priority that requires sustained commitment and increased investment by public and private sectors.

- New brain research shows that attentive and nurturing care is of critical importance during the a child's early life. A White House conference that focuses on the critical child care needs of infants and toddlers, preschool-age, and school-age children is an excellent follow-up to the White House Conference on Early Childhood Development and Learning.

- Child care is fundamentally about caring for children and nurturing their development. Families are children's primary source of care. While family members are at their jobs or in training or school, relatives, family child care providers, and centers must have the resources they need to offer the safe environments, nurturing, and stimulation that support children's brain development and learning. Currently, insufficient funding prevents the growth of a stable early childhood work force of qualified and motivated caregivers.

- Most families in America work hard to make ends meet and yet must struggle to find good quality, affordable child care. Additional public and private investments are essential to ensure all families a choice of good quality child care arrangements that meet their needs, preferences, and work schedules, at a price they can afford.

- Good quality child care supports the productivity of today's workforce and the education of tomorrow's workforce.

Outcome

- The conference should launch a long-term initiative that has national, state, and local impact.

- The Administration should pledge <u>significant</u> new investment in, and make a down payment on, good quality child care and ask that governors, mayors, employers, schools, philanthropies, community organizations, and others do the same.

- The Administration should issue a series of challenges to the nation. These could be formulated as a multi-point plan or a set of goals, by analogy to Goals 2000 in education or Adoption 2002.

- Everyone should come away with an answer to the question, "What can I do?"

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- A child care financing task force or commission that includes business leaders should be established following the conference. However, this should not be the sole result. It is no substitute for a major federal policy initiative.

Attendees and Program

- Conference participants should expand the current circle of advocates to include parents and grandparents from all walks of life; business leaders; state, county, and city officials; school teachers, principals and superintendents; child care providers; economic development/community development leaders; judges; doctors and nurses; youth workers and counselors; police officers; soldiers; retirees; etc.

- In addition to urging a federal initiative, conference attendees should make the case for more investment in child care by all sectors—because child care benefits all sectors. Information about <u>individual</u> model programs should not be a focal point. However, presentations about model policies and <u>broad-scale initiatives</u>—at both state and local levels—would be vitally relevant. Representatives of state and community initiatives should emphasize the benefits of good quality child care to families, communities, business, education, and society.

- Parents should speak out about the strong, supportive ties they have with other caring adults who are child care providers. They should note how good quality child care supports family and work responsibilities, good parenting, and children's growth, happiness, and success in school.

- Caregivers should speak out about their strong commitment to child care work, their investment in their child care careers, and their difficulty in meeting the economic needs of their own families, many of which include children needing child care services.

- The conference should portray "expanding ownership of the child care issue."

Structure

- There should be link-ups via satellite or cable to multiple sites in all 50 states. Cable would reach larger audiences more flexibly.

- Employers should arrange for their employees to "attend."

Role of the Media Strategies Group (MSG)

- Organizations participating in the MSG support the White House Conference on Child Care and are committed to work with the Administration to make it a success.

- Through the MSG, we are ready to help in analyzing and expanding media coverage of child care, in developing new and different media strategies, and in doing outreach to our networks in states and communities.

Family-child care

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Work|Life Benefits

July 15, 1997

Jen —
Seems interesting; is this right?
Elena

Ms. Elena Kagan
Deputy Assistant to the President
for Domestic Policy
THE WHITE HOUSE
1600 Pennsylvania Avenue
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Dear Ms. Kagan:

In a recent conversation with my colleague, Madeline Fried, she indicated that she had attended a meeting on June 27th at The White House, regarding the **Conference on Child Care** planned for October 1997. At the end of that meeting, the attendees were asked to submit concrete ideas for initiatives which could be introduced by President Clinton to impact the availability and affordability of quality child care. As we talked, it occurred to Ms. Fried and myself that Work/Life Benefits (WLB) is in a unique position to make suggestions regarding changes that could significantly affect the funding for high quality child care for working parents.

In order to understand the perspective from which these suggestions are submitted, it is helpful to understand our business. WLB offers employers work/life benefit programs which help employees balance their work and personal life issues. In addition, WLB assists employers by providing administrative services for many benefit plans which link the funding mechanism to the work/life balance program; in many cases by providing customized voucher applications. One of the main administrative functions which we handle is for the IRS Code Section 129 Plan, or the Dependent Care Assistance Plan (DCAP). This plan allows employees to put aside up to $5,000 per year, TAX FREE, to pay for work-related dependent care. The DCAP offers a tremendous financial vehicle for working parents to make quality care more affordable. Unfortunately, they are structured in such a way that many parents, especially lower income parents, are not electing to participate in them.

As part of our service, we provide employees with a toll-free information line regarding the DCAP. We have heard from thousands of frustrated, confused and disappointed parents who did not understand the plan or who were afraid to commit to the program. It is our goal to help these employees understand the complex regulations governing the plan. We also want to help them understand that the plan may help them afford higher quality care. The following suggestions for changes to this program come from listening to these employees. For ten years, we have administered the DCAP for over 700 employers with over 2 million employees nationwide.

Family-child care

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Work|Life
Benefits

July 15, 1997

Jen —
Seems interesting; is this right?
Elena

Ms. Elena Kagan
Deputy Assistant to the President
for Domestic Policy
THE WHITE HOUSE
1600 Pennsylvania Avenue
Washington, DC 20500

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SUGGESTED CHANGES TO IRS CODE SECTION 129:

- **INCREASE THE $5,000 CAP.** Despite the fact that the DCAP has been available for over 10 years, the $5,000 limit has not changed. We suggest the limit be increased as the cost of quality care has increased significantly in relation to household income. The limit should be tied to the number of children requiring care as well. Currently, the same dollar limit applies to all parents regardless of the number of children in care.

- **CHANGE "USE IT OR LOSE IT" PROVISION.** Participation in the DCAP requires an employee to commit a dollar amount to the plan prior to the beginning of the year. If the parent does not use that amount, they lose it. This provision intimidates most employees, especially those just making it from paycheck to paycheck. It is very difficult for employees to predict exactly what their child care expenses will be so far ahead of time.

- **CHANGE THE "NON-DISCRIMINATION TEST" TO ALLOW FOR SELF-EMPLOYED AND SMALL BUSINESS PARTICIPATION IN THE PLAN.** Currently, self-employed individuals can not participate in the plan due to testing requirements. In addition, there is no incentive for a small business to establish plans for employees because the highly-compensated group and the owner/employee cannot participate. This should be changed to encourage small business owners to implement the plan.

- **ALLOW GOVERNMENT EMPLOYEES TO PARTICIPATE IN THE PLAN.** Currently, government employees do not have access to a DCAP.

- **INCREASE THE AGE OF THE CHILDREN WHO QUALIFY FOR THIS CARE.** Several years ago the age of the child qualified for care under the plan was lowered from 15 to 13 years-of-age. Parents feel that the age should be changed back to 15, and that summer over-night programs should qualify. It is many of these children, ages 13 to 15, for whom parents are most concerned, especially during summer months. These children need direction and quality programs to attend. These programs have a price tag attached.

- **CHANGE LANGUAGE TO ALLOW FOR PAYMENT FOR SERVICE PRIOR TO SERVICE RENDERED.** Currently, the plan only allows for payment for child care services after the service has been rendered. In order for employees to purchase quality child care services, they must commit to payment for services prior to the service being rendered. In many cases, the payment is due on the first of the month or the first day of the week. If the parent can not be reimbursed for that payment until the service is rendered, it causes a cash flow problem which prohibits the use of the plan for many lower paid employees.

Ms. Elena Kagan
July 21, 1997
Page three

- **ENCOURAGE EMPLOYERS TO PROVIDE TAX-FREE SUBSIDIES FOR CHILD CARE TO LOW INCOME EMPLOYEES.** There are many employers attempting to provide financial assistance to low-income employees. These employers are restricted in the design of the subsidy programs by IRS Code Section 129 regulations. A special provision should be established to encourage employers to subsidize child care which does not impose Section 129 restrictions on the program. These subsidies could be instrumental in the success of the "Welfare to Work" Program.

By changing the restrictions currently in effect for the DCAP, President Clinton could greatly increase the funding for quality child care for hundreds of thousands of American workers. Bringing more attention to the DCAP would also raise the awareness level of employees who may not be familiar with or comfortable with complex tax-related benefit programs. Similar to the 401(k) Plans, there will be an increase in the utilization of these programs as employees become more educated about them. The increased funding of the DCAP would, in effect, increase the future development of quality child care as the demand would rise.

In addition, President Clinton can send a strong message to employers by endorsing proposed legislation, S.2088, The Child Care Infrastructure Act, introduced by Senator Kohl of Wisconsin. The Act calls for incentives to employers who are willing to put programs in place which will increase quality and quantity of child care.

All of us at Work/Life Benefits are dedicated to helping employers and employees with dependent care issues. We are delighted that President Clinton has put so much emphasis on increasing quality child care. The White House Conference on Child Care would be the perfect opportunity to address how to make this care more affordable to the average worker. If there is any way we can be of assistance in future planning for the conference, please feel free to contact me directly at (803) 651-1744. We would be proud to be a part of this important initiative.

Very truly yours,

WORK/LIFE BENEFITS

Carey Fleming
Director of Corporate Alliances

CF:hr

cc: Ms. Melanne Verveer, Assistant to the President, Chief of Staff to the First Lady

Family - child care

ChildrenFirst Inc.

Excellence in Backup Child Care

Jen - Check out point one.

Elena

July 23, 1997

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

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

Dear Melanne and Elena:

It was a tremendous honor to be invited to the White House and to have a voice in shaping the President's Fall Child Care Conference. As we all realized in our group session on June 27th, there are numerous issues to be studied and discussed, three of which are of particular importance from my experience and point of view:

National Standards:
First, our focus needs to be on setting national standards for the quality of child care delivered to our children. Each child is unique, precious and unrepeatable. Every child deserves the best we can offer. As a nation, we cannot be satisfied with settling for minimum requirements and in some states, no requirements. We need to establish high quality standards which safeguard our children across the nation in all child care settings.

The lack of a clearly articulated high quality vision of child care reflects a lack of respect for our children. We need to correct the existing situation and demonstrate the importance of our children to our future.

Public Awareness:
In combination with established standards, there must also be a Public Service or National Media Campaign for raising parental awareness of what quality care should look like for their children. Here is where I believe the President can use the Conference, as we need the Federal Government's support in order to accomplish this. The President and the First Lady's conference on early childhood development held this past April was a wonderful step in the right direction. We need more of these conferences convened by people in positions of leadership across disciplines, particularly corporate leaders. Although the Fall Child Care Conference will not be on the same scale, the best model I have recently seen was the Presidential Summit for America's Future where leaders in government, business, nonprofit and academics come together around a clearly articulated goal and well defined measurables for success. The converging of these disciplines is the key for success.

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The Fall Child Care Conference's goal could include initiating a public opinion strategy which seeks to educate working parents about what they should want and expect from their child care providers. Children deserve the best, so we must help everyone better understand what the best looks like.

Vehicle For Success:
The President has already acknowledged the value of corporate partnering with child care providers in order to support employees and their families. Many of the Fortune 1000 businesses are pursuing creative models in providing their employees with high quality child care options. Currently we work with over 150 blue chip companies, providing the highest quality worksite backup child care for their employees. In 1996, we had 10,000 children registered who used our work/family centers 30,000 times. The conference should focus on sharing success stories of these companies and using them as models to be emulated.

Smart business people know that market forces include the well-being of employees. Children are essential to employee happiness, creativity and therefore productivity. Now, corporate awareness needs to be raised that quality child care is a business imperative. To quote one of our clients, David Vitale, Vice Chairman of First National Bank of Chicago, "By providing quality backup child care, employers no longer are asking employees to choose between the well being of their company and the well being of their children."

I very much thank you for the opportunity to share these ideas and I am committed to helping you in any way in preparing and delivering the conference.

Most sincerely,

Rosemary Jordano
President

Enclosures

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