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Charles E.M. Kolb
President

February 2, 1998

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Ms. Nicole Rabner
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SENT TO MEMBERS OF THE WORKING GROUP

Congratulations on being named to the President's working group on child care. I am writing to make you aware of CED's pioneering work in this area.

Since 1942, CED has a compiled a distinguished record of public service and public policy research in the national interest on a variety of issues. Its 200-plus trustees are national business and education leaders. CED has a long-standing commitment to research and advocacy concerning the education, development, and care of America's children.

Our work dates back to the 1985 release of our groundbreaking report, *Investing in Our Children* and our 1987 report *Children in Need*. This effort represented the first call from a major business organization urging that all disadvantaged four-year-olds be given the opportunity to participate in quality pre-school education. Our dedication to bringing the important perspective of the business community to the child care debate continued through our 1993 report, *Why Child Care Matters: Preparing Young Children for a More Productive America.* Faith Wohl and Ted Childs, advisors to your group, served as expert advisors to this report.

CED has recently been a very active participant in the emerging dialogue on child care. I was honored to attend the first White House Conference on Child Care, hosted by the President and Mrs. Clinton. I am also on the executive committee planning a CEO-Governors Leadership Summit on Child Development, which will take place in New York on April 30 - May 1 of this year. CED is likewise working with Kaiser Permanente and the Reiner Foundation's "I Am Your Child" campaign on this summit.

I am pleased to enclose a copy of *Why Child Care Matters* (along with a current list of CED trustees) as well as a comparison of the President's child care initiative to the recommendations in this CED report. The similarities between the two approaches are quite encouraging and reinforcing to the work we have done on this very important issue over the years. I hope you will consider CED a valuable resource to the working group and that you will not hesitate to call if there is anything we can do to facilitate your work in this crucial area.

Sincerely,

Charles E. Kolb

Charles E.M. Kolb

Enclosures

CC: Advisors, Liasons, and Inter-Agency representatives

COMPARISON OF THE CLINTON ADMINISTRATION'S "HEALTHY CHILD CARE AMERICA INITIATIVE" TO CED RECOMMENDATIONS

PRESIDENT CLINTON'S PLAN (Based upon news accounts and White House releases (1/7/98).	**CED RECOMMENDATIONS** (From: **Why Child care Matters: Preparing Young Children for a More Productive America. CED, 1993.)***	**COMMENTS**
$150 million over five years for National Center on Child Care Statistics for data, research and evaluation of the child care system. Also funds child care hotline parents can use to get information on how to find child care in their communities and how to identify appropriate, quality care for their children. Provides for demonstration projects to test approaches to help parents who stay at home to care for newborns.	"Increased research and public education on the characteristics and costs of quality child care should be top priorities, and resource and referral services should be expanded. Parents need better information on how to choose programs that will most benefit their child, and they often need assistance in locating care that is decent quality, convenient, and affordable."	The Administration's proposed hotline and the center to collect and study child care statistics coincide directly with CED's recommendations.

ADMINISTRATION'S PLAN	CED RECOMMENDATIONS	COMMENTS
Increases Head Start funding by $3.8 billion over five years and doubles the number of children served. The President wants to reach one million children enrolled in Head Start by 2002 and wants to double the number of infants and toddlers in Early Head Start to 80,000.	"Head Start should be available to all children and should enroll an equal proportion of three- and four- year olds. Upgrading the quality of Head Start is as important as expanding access if we want lasting results, and we should support slowing enrollment expansion if necessary so that additional funding can be earmarked to upgrade quality, improve salaries, and expand full-day services."	The Administration's plan shares CED's longstanding vision of expanding enrollment in Head Start. At this early stage, however, the plan has made no mention of improving the quality of the program. CED believes that expansion and quality must go hand in hand.
Provides tax credits to businesses that provide child care for employees ($500 million over five years). Businesses would qualify for the credit by building or expanding child care facilities, operating existing facilities, training child care workers, reserving slots for employees at child care facilities, or providing child care resource and referral services to employees. The credit would cover 25% of qualified costs, but may not exceed $150,000 per year.	"Developing more effective strategies for infant and toddler care should have a high priority. Infant care is costly, and demand is increasing. Some of the demand can be met through more widely available parental leave. We encourage policy makers to make incentives available to businesses to encourage them to provide flexible leave policies that would offer new parents job protection and maintenance of health benefits for three to twelve months after childbirth. Companies should also consider other family-friendly policies, such as job sharing and telecommuting, to help parents more effectively balance work and family."	The Administration's planned tax credit is consistent with CED's call for "incentives" to encourage more family-friendly policies in the workplace.

ADMINISTRATION'S PLAN	CED RECOMMENDATIONS	COMMENTS
Doubles the number of children receiving federal child care subsidies by increasing the Child Care and Development Block Grant to states ($7.5 billion over 5 years). Funds would be distributed by formula to the states to operate direct child care subsidy programs, as well as to improve the quality and availability of care. The grants let states determine who qualifies for the subsidies and give them latitude about how to direct the funds.	"Government subsidies be adjusted to provide proportionately more funds directly to programs that serve low-income children, since a number of studies show that these have the greatest impact on the quality of center-based care. We also support the use of vouchers in combination with provider subsidies as a way of expanding parental choice of care. However, vouchers should be used only for programs that meet state standards for quality."	CED's recommendations call for dispersing more funds to poorer families. CED also advocates parental choice of childcare programs.
Expands funding of school - community partnerships to provide after-school care ($800 million over 5 years). Will provide after-school care for up to half a million children a year. Proposes a dramatic expansion of the 21st Century Community Learning Center Program to provide start-up funds (with a local match) to school-community partnerships to establish or expand before- and after-school programs for school age children. The program seeks to increase the supply of after-school care in a cost-effective manner primarily by funding programs that use public schools and their existing resources, such as computers, gymnasiums, and sports equipment. The program also includes a	"Strong linkages should be developed among the federal programs, including Head Start, that provide child care services to disadvantaged children. Funding sources should be more easily combined so that Head Start and other comprehensive preschool programs can provide full-day care for children of working parents at a single site."	This Administration proposal goes to the heart of CED's call for the federal government to better facilitate state and local coordination of programs so that working families can count on the availability of convenient, full-day care for their children.

set aside to fund programs run by community organizations. Puts in place a collaborative effort involving numerous federal agencies to eliminate duplication and better coordinate federal funding for after-school programs in three to five pilot cities.		

ADMINISTRATION'S PLAN	CED RECOMMENDATIONS	COMMENTS
Creates Standards Enforcement Fund ($500 million over 5 years) to fund state efforts to enforce child care health and safety standards, such as efforts to improve licensing systems and enforce child care health and safety standards, including by increasing unannounced inspections of child care settings. Also facilitates background checks on child care providers.	"States and local governments should adopt reasonable health, safety, and quality standards for child care that do not place an undue burden on providers. Federal funding for child care programs should be contingent on these programs meeting state standards."	The Administration's plan is substantially consistent with CED recommendations, although the Administration's commitment to enforcement may place more emphasis on federal and state regulation than CED envisions.
	"Greater efforts should be made to provide sustained intervention for disadvantaged children through follow-through programs in elementary schools."	The Administration's plan does not appear to have a similar proposal.

ADMINISTRATION'S PLAN	CED RECOMMENDATIONS	COMMENTS
Increases tax credits for 3 million working families earning under $60,000 to help them pay for child care for children under 13 or disabled dependents ($5.2 billion over 5 years). The size of the credit and eligibility would expand widely. Families with incomes under $30,000 could take credit for up to 50% of their child care expenses. People who earn between $30,000 and $60,000 would be eligible for credits that would range, on a sliding scale, between 50% and 20%. It will provide an additional tax cut of $358 for these families. It eliminates income tax liability for almost all families with incomes below 200% of poverty ($35,000 for a family of four) that take the maximum allowable child care expenses under the law.	"Federal child care subsidies be more equitably distributed. The dependent care tax credit should be made refundable to provide a larger relative benefit to lower-income families. We should consider providing the credit at regular intervals - not just annually - so that parents will associate it with child care costs. The benefits for parents at higher income levels may need to be reduced to offset the cost of refundability."	Both the Administration's and CED's proposals are based on income tax progressivity.
Provides 50,000 scholarships a year to students working toward child care credentials ($250 million over 5 years). Establishes a Child Care Provider Scholarship Fund. Eligible child care workers must commit to remaining in the field for at least one year for each year of assistance received and will earn increased compensation or bonuses when they complete their course work. Also proposes expanding the Department of Labor's Child Care Apprenticeship Program.	"Strategies should be developed at the state and local levels to improve the compensation and training of child care staff, with the express goals of improving quality and reducing turnover."	The Administration's plan provides specificity to CED's general proposal.

ADMINISTRATION'S PLAN	CED RECOMMENDATIONS	COMMENTS
Establishes Early Learning Fund ($3 billion over five years) to provide challenge grants to communities (distributed by the states) to support programs to improve early learning and the quality and safety of child care for children ages zero to five. Funds may be used for the following purposes: providing basic training to child care providers (including first aid and CPR); connecting individual child care providers to centers for education and support; assisting child care providers to meet accreditation and licensing requirements; linking child care providers with health professionals; reducing group sizes and child-to-staff ratios; and providing home visits, parent education, and consumer education about child care.	"Head Start parent-child centers and similar family support programs should be expanded to meet the comprehensive care needs of disadvantaged children from birth to age three. It is also desirable that child care services be linked to a variety of family support services such as parent education, family literacy, and health care." "The quality of neighborhood-based family care providers should be upgraded through a number of creative strategies. These could include offering incentives for certification as a provider, linking providers to a network of other providers and educational resources, and providing training through community colleges or even mobile services."	The Administration's plan is consistent with the spirit of CED's recommendations.

* Quotes on CED recommendations are taken directly from the Executive Summary of *Why Child Care Matters*.