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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

October 23, 1997

PRESS BRIEFING
BY THE PRESIDENT'S DIRECTOR OF DOMESTIC POLICY BRUCE REED
AND SPECIAL ASSISTANT TO THE PRESIDENT FOR DOMESTIC POLICY
JENNIFER KLEIN

The Briefing Room

1:05 P.M. EDT

MR. LOCKHART: Good afternoon, everyone. One small piece of business before we start. I'm told that the escort for Panel 2 will be taken at 1:45 p.m., so roughly right when this ends.

We're going to start today with two people who can talk to you a little bit about the child care conference that's been going on this morning and will go on to this afternoon. Bruce Reed, the President's Director of Domestic Policy, Domestic Policy Advisor; and Jennifer Klein, Special Assistant to the President for Domestic Policy and probably the lead staffer in putting this conference together; they've been working for several months on this -- are here today, and they can answer your questions.

MR. REED: I would like to start just for a moment and go over the policy announcements that the President made this morning at the conference. First, he announced a major scholarship program for child care providers that will provide \$300 million over the next five years to make available up to 50,000 scholarships a year that are designed to help child care-givers get additional training and also to give child care standards an incentive to increase the pay of those care-givers.

We think that this is the most important thing we can do to raise the quality of child care, is to provide additional training and to make sure that child care-givers are rewarded for getting that additional training, as many people have remarked during the conference. The turnover in the child care profession is remarkable; it's between a third and 50 percent a year. So it's very important to get people good training and give them an incentive to stay in the profession.

The second announcement -- the President said that he would be submitting legislation to Congress to make it easier for states to get background information on child care workers. Currently, many states have prohibitions on the release of criminal background information, so it's difficult for states that want to run background checks to get that kind of information, and the President's submitting legislation that will need to be passed by Congress and then adopted by the 50 states so that a parent or a child care center that wants to run a background check in New York can readily get information from the state of California or any other state.

He also announced that in the coming months, Secretary Rubin will head up a private sector group to reach out to business and develop ideas on how businesses can do more to provide on-site care for their employees and deal with the other concerns of employees. Secretary Rubin spoke out this morning on how central child care is as an economic issue; that businesses need to recognize

that this is among the major concerns on their employees' minds, and that if people are going to be good workers they shouldn't be distracted, worrying about who's taking care of their kids.

Then finally, the President announced steps that the

national service program is going to take to make -- to provide technical assistance to programs around the country that are providing after-school care, which is another critical child care crunch. There are about 5 million kids between the ages of 5 and 14 who are latch-key kids, who come home to an empty house. And we want to help more communities provide things to keep those kids busy -- programs to keep those kids busy. And one important area is going to be service.

Questions?

Q Can you tell us about the scholarship, how much total money we're talking about, and where the money would come from? Are these new dollars?

MR. REED: It's \$300 million in scholarships over five years. It will be included in the upcoming budget. And we have to live within the constraints of a balanced budget, so we won't be presenting the offsets until the President submits his budget at the first of the year. But it's new money; it will have to be offset by cuts elsewhere.

Q Bruce, with regard to the scholarships, that obviously addresses one of the three main problems, and that is quality of care. Suppose that does its job and produces a cadre of child care that is more proficient than what we now see. Doesn't that then aggravate one of the other two problems, and that is that leads to higher pay which in turn leads to higher prices for child care? How does the President propose to deal with the higher costs to parents of getting good quality child care?

MR. REED: One important aspect of this proposal is that it is money that will go states and child care providers to help not only child care workers to get training, but to actually increase the pay, so that some of this money is going to be helping to deal with that problem. It will be providing child care centers with an incentive to pay with some money that they can use to pay better-trained workers more money.

There certainly is a concern that we don't want quality and affordability to be traded off against each other. In North Carolina, where they run a program called the Teach Program, on which our scholarship proposal is based, they've actually been quite successful in dealing with both quality and affordability and their efforts to get better training and better pay have not driven up the cost of care.

Q And how did they do that?

MR. REED: For one thing, the child care market is very competitive, so costs are kept fairly low. But one thing that North Carolina is doing, which we would like to see other states do, is to simply put more money into their child care systems. And we've done a lot over the last four years to expand the amount of money that

states get. We've increased the child care development block grant, which is the major subsidy to states, by 70 percent over the last four years, including \$4 billion through the welfare bill, and that's one way that we can help states like North Carolina and others that want to deal with both ends of the spectrum.

Q Bruce, there seems to be a general consensus, I think, here at the White House and among other people in the child care field that the economics of the system don't work. They don't work for parents, they don't work for kids, and that what's needed because this is not a well-functioning market, so to speak, is essentially a massive infusion of cash from somewhere else -- either governments or the private sector. And \$300 million for 50,000 scholarships over five years is not, I don't think, what most people would consider a massive infusion of cash.

Is the President considering anything beyond this in terms of tax incentives for businesses, relief from the liability problems involving on-site day care? This is, in the larger frame of things, a big step.

MR. REED: Well, as the President said this morning, he intends to make other proposals in the State of the Union which are likely to address affordability and accessibility as well as quality and safety.

I think the President and Governor Hunt and others made the point this morning that this is not a problem that government can solve on its own. Child care is a lot different -- the child care system is treated a lot differently than the health care system in this country. In most businesses some kind of health care is provided. That's not nearly as common with respect to on-site child care or subsidized child care by businesses. So it's very important to engage the private sector and to get them to recognize that this is in their bottom line interest, as well. But as the President said, this \$300 million program is not the only thing we're going to be proposing in the coming year.

MS. KLEIN: Just to build on how you deal with the fact that the public sector is probably not going to be able to solve this problem alone, as Bruce was alluding to, there are states that are doing interesting things -- again, not the end all and the be all, it takes the public side as well -- of building public-private partnerships where they can leverage public dollars against private dollars. Florida is a great example of a partnership like this, and there are other states doing it. So it's not only businesses as employers, but also businesses as sort of a larger community that can take a step also in the right direction.

Q Does the administration support the Kohl bill in that regard in terms of enlisting business support?

MR. REED: We'll be looking at the Kohl bill over the next few months. The Kohl bill is a tax credit that gives businesses

some tax -- provides businesses with some tax relief for constructing on-site care. It's one thing we'll look at. There are a variety of options, and the President alluded to some this morning, on what we could do to expand accessibility and affordability.

One option would be to increase, again, the amount of money that we give to the states through the block grant, which is a very efficient way of helping states to increase quality and expand access, especially to low-income families. Another option is to build on the existing dependent-care tax credit, which goes to two-parent -- families with two parents who work. There are -- you can provide tax incentives to business as well. There may be other ideas that we come up with.

Q I'm going to take a little detour. Can you update us on what the White House is doing to get the tobacco deal through? And do you agree with Mr. Carlton's comments that you all will have the legislation through maybe some time next summer?

MR. REED: Well, I think none of us can predict when Congress is going to act. But, we're pleased with the broad support that the President's plan has received, both from Democrats and Republicans, and from the broad range of public health and other interests. We're going to be working with members of Congress in both parties to try to keep this on a bipartisan track, and to make sure that we can see congressional action as soon as possible. Nobody wants it to get caught up in election-year campaign politics. So the sooner that Congress acts, the better for all concerned. But -- and it's hard to say in October of this year what the congressional calendar is going to be next spring.

Q Bruce, I'd like to ask you about the fiscal environment -- the new, more favorable fiscal environment that the administration has, as you look toward the proposals the President's going to make in the State of the Union.

Yesterday, the President came up with \$5 billion for global warming tax incentives, and obviously that's not going to bust the budget because your deficit numbers keep going down and down. Today, you have \$300 million as just a preliminary down payment. You're talking about other things that also have dollar tags to them. My question is, is it easier for the President today in this favorable fiscal environment to move toward putting a little bit of money into something like global warming and child care than it would have been, let's say, even a year or three years ago?

MR. REED: I think in fairness to Frank Raines and OMB, none of these budget decisions are easy. We still are living within very tight budget constraints, since we're likely to have a deficit in the coming year even if the projections continue to improve. All of these choices have to involve hard choices on where else to cut.

So I think this is certainly going to be one of the President's top priorities as he works on his next year's budget, but we still have to recognize that money doesn't grow on trees.

Q The President made reference to considering an increase in tax credits, raising the income threshold. I missed what you said. Was he thinking of the EITC, dependent care credit, or even doing something with the HOPE tax credit?

MR. REED: The major options for how to expand affordability are, first, as I said, expanding the child care development block grant which goes through the states and which states use to provide subsidies to low-income working parents, or expanding in some way the dependent care tax credit. And the dependent care tax credit is complicated, but let me try to explain it. It provides families with two working parents up to \$2,400 -- a tax credit against up to \$2,400 of child care expenses for one child, or \$4,800 for two or more children, and if your income is between, what, \$14,000 and \$28,000 -- is that right?

MS. KLEIN: Like \$10,000.

MR. REED: Ten thousand and \$28,000, you get to claim 30 percent of that amount as a credit against your tax bill. Above \$28,000, you get to claim 20 percent of your child care expenses against your tax bill, and then it phases out in the upper income limits. You could change that in a variety of ways. You could have it phase out more slowly or phase down more slowly for lower-income parents, you could increase the amount of money that is allotted for child care expenses. There are probably other ways as well. You can make it refundable. But I think we have made no decisions on whether we want to go the tax route or the block-grant route.

Q Or both?

MR. REED: Or both, that's right. And then, as you said, there are other kinds of tax credits that you could provide to businesses that would deal with accessibility.

Q Mrs. Clinton, yesterday, said that despite lip service to family values, we don't do enough for families who chose not to go into the work force and into day care. Are there any proposals kicking around that might provide some sort of relief -- tax relief or other relief -- for families who decide to stay home and care for their own kids?

MR. REED: Remember, the President just signed a balanced budget that includes a \$500 tax credit for children, which will help many families who choose not to have both parents working to be able to afford that choice. And the President spoke again this morning about the need to give working families a lot more flexibility by extending the Family and Medical Leave Act so that parents can get time off to deal with going to a doctor's appointment or a parent-teacher conference, and passing flex-time, which would give workers a lot more choice on the time they can spend around their children.

I think we'll probably look at other options as well.
But I don't have any to give you right

Q Bruce, at the end of the discussion, the President talked about building a systematic patchwork that would prevent kids from falling through the gaps, and I wonder if there is any initiatives being talked about that deal with this -- insuring that there is something that's systematic, that doesn't allow kids to be -- some kids to get worse --

MR. REED: I think that we're not interested in some big federal program directed from Washington that sets one-size-fits-all rules. I think what the President would like to see is an effort to help more states and communities succeed at this, and an effort within the private sector for companies that don't do much in the way of child care to follow the lead of successful companies that do. That's why he's asked Secretary Rubin to go out and preach the gospel among his peers about the importance of child care to companies' bottom lines.

I think we have a long way to go on this issue, but the President and First Lady feel that calling a national spotlight to this issue when we have overwhelming evidence that it's in our economic interest, it's in our collective interest to make sure not only that our kids are safe, but that as they get older, that they're off the streets and not out getting into trouble, and that it's in the emotional, physical interest to help these kids' brains to learn and grow and develop well.

Q A couple of times on some of the things you've mentioned, when the President mentioned them, it was mentioned that there would be battles over budgets and the expense of some of these proposals. That hasn't been said about the bill that would be introduced to allow states to share background information. But was that one considered a breeze to get through Congress and do you know when it would be introduced?

MR. REED: I think we're sending up the legislation today. I can't tell you how controversial that's going to be. Jen, do you want to --

MS. KLEIN: Yes, I don't think I would use the word, "a breeze." I think it has some strong support, but it's a long road to get Congress to pass them and states to ratify it.

Q How open is the administration to the idea of encouraging workers to work two-thirds time if they're married? There is this idea of the four-thirds role, where each parents would only work two thirds of the time so they could spend more time with their children, in terms of encouraging employers to -- on that favorably.

MR. REED: I think we would want to encourage every employer to provide as much flexibility as they can to their workers, and we want to encourage parents to spend time with their children when they can. But this is ultimately a matter of choice and economic necessity based on the individual circumstances of every family. But certainly, we think it's good for the kids to be around their parents as much as they can. It's good for the parents, and it's ultimately, we think, good for the economy to have parents who are focused on work when they are at work and have a chance to focus on their children when they are at home.

Q How do you view some of the proposals kicking around the Hill reducing or eliminating the marriage tax? Are those thing that you think will help on affordability? Or are those not part of your equation?

MR. REED: Well, it's a complicated issue because the tax code serves as a marriage penalty for about half of married couples, and something of a bonus for the other half. We haven't seen any proposals that can fix the problem with the amount of money we have on hand. But it's certainly something that we're looking at -- not necessarily the marriage tax per se -- but any way we can find to help families be able to make the kind of choices they want to make.

Q Again, on the affordability issue, you mentioned the President and Congress got through the \$500 child credit, but that, as I remember, is phased in and not until '99 or 2000, the full \$500. In what you're looking at for the state of the union and various options, could it be one of your options to either accelerate the phase-in or even to boost the \$500 to \$600 or index it?

MR. REED: I think I'd get in trouble with Frank Raines if I committed to that.

Q Go ahead.

MR. REED: I think the -- we're very happy with the child care -- the children's tax credit that we got in the balanced budget. It costs a lot of money to provide across-the-board relief like that. And we think we've already gone a long ways, and to deal with the child care affordability question, there may be more targeted ways of doing it.

Q Can you reveal how much money or if there would be an increase or legislation necessary for the national service program to provide technical assistance to after-school --

MR. REED: That's not a -- we are in the midst of -- or well on the road to getting what we asked for for national service in the appropriations battle. But what the President announced today won't cost any new money.

Thank you.

END

1:30 P.M. EDT

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