Elisa Millsap
04/22/98 07:19:21 PM
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Record Type: Record

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

cc:
Subject: Members of Congress Attending Child Care Event

EVENT: Child Care Event
DATE: Thursday, April 23, 1998
TIME: 10:00 am-10:45 am
LOCATION: The Rose Garden

CONFIRMED TO ATTEND (13):
→ Sen. Jim Jeffords (R-VT) — commitment to ~~[illegible]~~ after-school care
Sen. Arlen Specter (R-PA)
→ Sen. Chris Dodd (D-CT) — ongoing leadership on cc
→ Sen. Herb Kohl (D-WI) - bus. tax credit that will spur the kind of initiatives that we are talking about today
Rep. Carl Levin (D-MI)
Rep. Tim Roemer (D-IN) work on bus. tax credit
Rep. Rosa DeLauro (D-CT)
Rep. Ellen Tauscher (D-CA)
Rep. Sheila Jackson Lee (D-TX)
Rep. Lois Capps (D-CA)
Rep. Matthew Martinez (D-CA)
Rep. Patsy Mink (D-HI)
Rep. Lynn Woolsey (D-CA)

→ Many others who have important cc bills

Message Sent To:

Kjeldson
Galinsky
Chavez-Thompson
Price
Stinson
Whitebook
Raymond
Nussbaum
Andrews
Wohl
Childs
Lange
Tobias
Bowles
FLOTUS
Froman
Weill
Topol

April 22, 1998

MEETING WITH TREASURY WORKING GROUP ON CHILD CARE

Date:	**Thursday, April 23, 1998**
Time:	**8:30 - 9:10 am**
Location:	**Map Room**
From:	**Nicole Rabner**

I. PURPOSE

To chair the meeting of the Treasury Working Group on Child Care, and to hear from the members of the working group on private sector child care efforts and best practices.

II. BACKGROUND

At the White Conference on Child Care on October 23, 1997, the President asked Secretary Rubin to convene a group of businesses and labor leaders to look at child care problems facing working parents, and to identify best practices in the private sector and in public-private partnerships.

This working meeting will precede the Rose Garden ceremony with the President, and represents the group's first formal meeting (they have worked together until now through staff and by conference call). The purpose of the meeting is for the members to discuss with you, from their own experiences and from their work in the group, issues relating to business involvement in providing child care assistance -- in a variety of ways, large and small -- to their workers.

The members of the group are: Sandy Weill, CEO, The Travelers Group; Randy Tobias, President, Eli Lilly; John Sweeney, President, AFL-CIO; Doug Price, CEO, First Bank of Colorado; George Stinson, President and CEO, General Converters and Assemblers; and Marcy Whitebook, National Co-Director, Center for the Child Care Workforce. The group relied heavily on advisors, including: Ted Childs, IBM; Ellen Galinsky, Families and Work Institute; and Chris Kjeldsen, Johnson & Johnson. (Please note that the group was not subject to the Federal Advisory Committee Act so *will not* make recommendations to the President.) The working group members and advisors will participate in the meeting. Attached please find brief bios on the participants.

As you know, Secretary Rubin has had to miss this meeting and event because of a family commitment. However, Erskine Bowles will join you for the first half-hour of the meeting.

Attached please find a script for the meeting.

III. PARTICIPANTS

The First Lady
Erskine Bowles
Michael Frogman, Treasury Department Chief of Staff

<u>Members of the Treasury Working Group on Child Care</u>
Doug Price, CEO, First Bank of Colorado
George Stinson, President and CEO, General Converters and Assemblers
Linda Chavez-Thompson, Exec. VP, AFL-CIO (representing John Sweeney, Pres., AFL-CIO)
Randall Tobias, Chairman and CEO, Eli Lilly and Co.
Sanford Weill, Chairman and CEO, Travelers Group
Marcy Whitebook, National co-Director, Center for Child Care Workforce

<u>Advisors to the Treasury Working Group on Child Care</u>
Ellen Galinsky, President, Families & Work Institute
J.T. (Ted) Childs, Jr., Vice President, IBM
Dee Topal, Former President, Travelers Foundation
Chris Kjeldsen, Vice President, Johnson and Johnson
Faith Wohl, President, Child Care Action Campaign
Karen Nussbaum, Director of Women's Bureay, AFL-CIO
Candy Lange, Director, Work Life Strategy, Eli Lilly
Marci Andrews, Public Policy Associate, National Center for Early Childhood Workforce
Charles (Chip) Raymond, President, The Travelers Foundation

IV. SEQUENCE OF EVENTS

See attached script.

V. PRESS PLAN

Closed press.

SMART START

North Carolina

1. What is the goal or purpose of this program?

Smart Start seeks to help all North Carolina children enter school healthy and ready to succeed. Compared with children across the nation, children in the state are more likely to have a low birthweight, to be without health insurance, to live in poverty, or to live in a working poor family. Through Smart Start, children gain access to higher quality and affordable child care, health care, and other services during the most critical years of their development. Activities include child care subsidies, children and family services, teacher education and support, health initiatives, and community outreach and awareness. To help deliver services more effectively, Smart Start brings together local individuals to work and form partnerships. These partnerships are the heart of Smart Start.

2. What should other Governors know about this program?

An independent audit of Smart Start conducted by Coopers & Lybrand at the request of the state legislature called it "a credible program that delivers substantial good to children and families in the state of North Carolina." Because collaboration is the essence of Smart Start, it is an excellent way to create a network between state government and local leaders, service providers, and families. It is a comprehensive, focused approach in which county partnerships assess the community's needs and resources. The partnerships then plan to address these needs by improving and expanding existing programs and supporting the design and implementation of new programs for children and families. All decisionmakers play an important role in helping improve the well-being of children. In 1993 Smart Start began with twelve pilot partnerships that were competitively selected for a year of planning. New partnerships have been funded each year; forty-seven partnerships exist in fifty-five counties. Governor James B. Hunt Jr. intends to expand Smart Start to North Carolina's remaining forty-five counties by 2000.

Smart Start is funded primarily through state dollars, but state legislation requires a 10 percent private cash and in-kind match. North Carolina has increased the program's funding annually, appropriating $68 million for Smart Start for fiscal 1996–97. (Both the state house and senate have included additional expansion funds for Smart Start in their fiscal 1997–98 budget proposals.) The North Carolina Partnership for Children, Inc., a private nonprofit organization that provides oversight for the local partnerships, raised $2.9 million in cash and $4.7 million in in-kind contributions during fiscal 1995–96. Some of North Carolina's top corporations, such as BB & T, First Union, NationsBank, Wachovia Bank, Food Lion, Carolina Power and Light, and Glaxo Wellcome, are investing in Smart Start.

Because of Smart Start's unique ability to coordinate specific outcomes for local communities, Governor Hunt has been able to raise awareness of young children's issues, promote public-private collaboration, and garner bipartisan support. The Governor also has recognized recent brain development research in his efforts to pass a bill during the recent state legislative session to improve the quality of child care programs through increased teacher education and streamlined licensing regulations.

3. Why is this a promising program?

Smart Start has been recognized nationally as a successful collaborative model for early childhood initiatives. More than 65 percent of children below age six in Smart Start counties have received higher quality education and care, and more than 30 percent have received early intervention and preventive health screenings. Program accomplishments and local partnership activities targeted specifically to infants and toddlers include an infant oral health program for early dental intervention; a neonatal tracking program for at-risk infants; maternal and child support groups; a lead-based paint regulatory infrastructure project, in collaboration with the National Institute of Building Sciences, that addresses the hazards of lead poisoning; parent educator and mentoring programs to give new parents support; and an increase in immunization rates. Through program funding for subsidized child care, additional spaces designated for infants and toddlers have been created. Smart Start forms partnerships with Head Start agencies and family resource centers across the state to provide services for children and families.

Smart Start has helped lower staff-child ratios in child care centers and day care homes, helped fill gaps in services for children with special needs, provided partial funding for 74 percent of child care resource and referral agencies, and launched a statewide immunization campaign that provides free vaccines. It is assisting in a statewide effort to establish a toll-free resource number for child care teachers to call for information on health, nutrition, and sanitation issues.

Another promising aspect of the program is that it serves as a welfare diversion tool. With 40 percent of Smart Start funding statewide being used to provide subsidized child care, more parents who struggle to make ends meet can continue to work. This subsidy enables many low-income working families to survive without public assistance.

Through collaboration and commitment to children, Smart Start communities are seeing results. The most notable finding of an in-depth continuing evaluation of the program is the significantly higher quality of child care observed in the pioneer Smart Start counties in 1996–97, compared with the quality observed in 1994–95. A study conducted by the Frank Porter Graham Child Development Center of the University of North Carolina at Chapel Hill confirmed that the increase in the level of quality was related to Smart Start efforts in the counties studied.

4. For more information:

Stephanie D. Fanjul
Director
Division of Child Development
P.O. Box 29553
Raleigh, NC 27626-0553
Phone: 919/662-4543
Fax: 919/662-4568
E-mail: sfanjul@dcd.dhr.state.nc.us

David Walker
Executive Director
North Carolina Partnership for Children, Inc.
1100 Wake Forest Road, Suite 300
Raleigh, NC 27604
Phone: 919/821-7999
Fax: 919/821-8050

THE WHITE HOUSE

WASHINGTON

April 21, 1998

MEMORANDUM TO ERSKINE BOWLES

FROM: Jennifer Klein
Nicole Rabner

RE: Child Care Event

On Thursday, the President and First Lady will participate in a Rose Garden event to urge congressional action on child care, and to release two reports which document businesses efforts on child care: (1) the Treasury Working Group on Child Care report, *Investing in Child Care*; and (2) the Department of Labor report, *Meeting the Needs of Today's Workforce: Child Care Best Practices*. The President will also announce a new commitment by the Department of Labor to get 1,000 companies in the next year to improve child care for their employees and to serve as a resource and information clearinghouse for those companies. While the event will spotlight best practices in the corporate community and urge greater private sector commitment to child care, the message from the event and the Treasury Group's CEOs will be that child care problems can only be addressed fully with significant new government investment.

At the White Conference on Child Care on October 23, 1997, the President asked Secretary Rubin to lead a group of businesses and labor leaders to look at child care problems facing working parents, and to identify best practices in the private sector and in public-private partnerships. (You should note that the group was not subject to the Federal Advisory Committee Act so *will not* make recommendations to the President.) The members of the group are: Sandy Weill, CEO, The Travelers Group; Randy Tobias, President, Eli Lilly; John Sweeney, President, AFL-CIO; Doug Price, CEO, First Bank of Colorado; George Stinson, President and CEO, General Converters and Assemblers; and Marcy Whitebook, National Co-Director, Center for the Child Care Workforce. The group relied heavily on advisors, including: Ted Childs, IBM; Ellen Galinsky, Families and Work Institute; and Chris Kjeldsen, Johnson & Johnson. Attached please find brief bios on the participants.

Prior to the Rose Garden event, the working group will meet together for the first formal time (they have worked together until now through staff and by conference call). The First Lady will facilitate that meeting with Mike Fromman, Chief of Staff at Treasury. It goes without saying that this group is particularly interested in hearing from you because they know that you are a successful businessman. **Your role is to:**

(1) Thank the group for taking the time to work on this issue which is so important to the President and to our country;

(2) Comment on your experience with North Carolina's Smart Start -- a public-private partnership dedicated to improving early childhood learning and development -- and note the importance of business involvement in that effort;

(3) Convey the President's understanding that, in our rapidly growing and changing economy, it makes good business sense to create a work environment that supports workers -- such as by providing child care; and

(4) Emphasize the President's commitment to passing child care legislation.

BACKGROUND

Release of Final Report of Treasury Working Group on Child Care

Investing in Child Care is the final report of the Treasury Working Group on Child Care. The Treasury report discusses what businesses can do to promote access to affordable, high quality child care for their employees, highlights a wide range of best practices, and presents evidence that investing in child care makes good business sense. The report features the results of the most comprehensive survey to date of the effects of work/family policies on companies' bottom lines. The study reported that more than two-thirds of respondents find that the benefits from child care programs are greater than the costs, or that the programs are cost-neutral.

Release of Labor Department Report and Announcement of New Commitment

The Labor Department report that will be released at the event, *Meeting the Needs of Today's Workforce: Child Care Best Practices*, also highlights best practices of the corporate sector to offer child care assistance to their workers. The examples are primarily gleaned from the Labor Department's Honor Roll of companies with model family-friendly workplace practices. The President will also announce a new commitment by the Department of Labor to reach out to 1,000 companies by this time next year, to serve as a clearinghouse for businesses interested in child care, and to set up a business-to-business mentoring program on child care.

Legislative Update on Child Care

The primary goal of the Rose Garden event is to urge Congress to act on child care this year. Numerous child care bills have been introduced by Democrats and Republicans since the

President announced his child care initiative earlier this year. Many of the bills incorporate the Administration's key child care priorities -- substantial new subsidies and tax credits to help low- and middle-income families pay for child care; investments to help states and communities improve the quality of early childhood programs; a new tax credit for businesses that provide child care services; and an expansion of before- and after-school programs. Further, several of the tobacco proposals (Conrad, Fazio, and Kennedy) would direct a portion of tobacco revenue to child care and early childhood programs, and an amendment to the McCain bill that passed in committee would also require that some portion of tobacco revenue be spent on child care.

Some significant Members of Congress are committed to urging action this year, including Senators Dodd, Kennedy, Kerry, Chafee and Snowe, and Representatives Kennelly, Tauscher, and DeLauro. Importantly, the bipartisan Congressional Women's Caucus, lead by Representatives Norton and Johnson, recently released a letter to Speaker Gingrich urging that Congress pass child care legislation.

Despite interest in child care, there are serious obstacles to enacting the Administration's proposals. As you know, the Senate Budget Resolution targets all tobacco funds to Medicare. While the resolution allows for up to $9 billion for expanded child care tax credits and $5 billion to increase discretionary spending for the Child Care and Development Block Grant, cuts in other essential programs would be required to offset the discretionary spending increase. Further, the Republican leadership has attempted to pit child care investments for working families against tax credits for parents who stay at home to care for their children. Both Houses passed sense of the Congress resolutions emphasizing that any child care proposal must include significant new funding for stay-at-home parents. In addition, the Republican leadership is intent on stalling child care legislation. Despite a push by the its Democratic members, the House Ways and Means Committee has not scheduled any hearings on child care. Only recently was Senator Chafee able to schedule a child care hearing before his Finance Subcommittee (which will be held on April 22).

TREASURY CHILD CARE WORKING GROUP

Working Group

Secretary Robert E. Rubin
Secretary of the Treasury

Doug Price
CEO, First Bank of Colorado
Denver, CO
Phone: 303/232-2000

FirstBank of Colorado is the lead bank of the 24 subsidiary banks of FirstBank Holding Company of Colorado, the state's largest locally owned bank. Mr. Price is chairman of the Colorado Business Commission on Child Care Financing, a group appointed by Governor Roy Romer to examine the needs of working parents and their children. FirstBank of Colorado established a reduced hours program in 1989 to provide workers the flexibility to both maintain a career and raise a family.

George Stinson
President & CEO
General Converters & Assemblers
Racine, Wisconsin

For the past 24 years, Mr. Stinson has been the Chairman and President of General Converters and Assemblers, Inc., a 200-person manufacturing company that makes disinfectant tablets and pallets. Mr. Stinson is presently the president of the Racine branch of the NAACP, the CEO of the Southeastern Wisconsin Private Industry Council and Chairman of the Racine County Economic Corporation. Mr. Stinson is an example of a small business leader who is working with other local companies to investigate ways to address child care issues.

John J. Sweeney
President, AFL-CIO
Washington, D.C.

Mr. Sweeney was elected president of the AFL-CIO in 1995, having served his fourth four-year term as president of the Service Employees International Union. In 1987 he co-edited the UNA-USA Economic Policy Council's *Family and Work: Bridging the Gap* and co-authored, in 1989, *Solutions for the New Work Force*. Through collective bargaining, employers and employees have taken steps to address child care issues and improve worker satisfaction and productivity.

> **NOTE**: Mr. Sweeney is not able to attend the event, so AFL-CIO Executive Vice President **Linda Chavez-Thompson** will attend in his place. Ms. Thompson was elected Executive Vice-President in 1995. Ms. Chavez-Thompson has thirty years experience in the labor movement. She rose from the organizing ranks of her union, the American Federation of State, County and Municipal Employees, to become the first person of color

elected to an executive office of the AFL-CIO. She is the highest ranking woman in the labor movement.

Randall Tobias
Chairman & CEO, Eli Lilly and Co.
Indianapolis, IN
Phone: 317/276-6327

Mr. Tobias is Chairman of the Board and Chief Executive Officer of Eli Lilly and Company which develops, manufactures and markets pharmaceuticals and animal products. Tobias is also on the board of the Phillips Petroleum Company, Kimberly-Clark Corporation, and Knight-Ridder, Inc. In 1996 he was named 1996 CEO Family Champion of the Year by Working Mother Magazine. Eli Lilly is working with state government, other Indiana companies, and the Purdue University Center for Families in a public-private partnership to address the need for sick child care throughout the state.

Sanford Weill
CEO, Travelers Insurance
New York, N.Y.
Phone: 212/816-8900

Mr. Weill is Chairman and Chief Executive Office of Travelers Group, the diversified financial services company. Mr. Weill has a long history of involvement in many aspects of child care which he has acted on in each of his assignments as CEO of American Express, Commercial Credit, Primerica and at his current position at Travelers. Salomon Smith Barney, a Travelers Group subsidiary, offers employees a choice of alternate work arrangements, including flextime, job sharing, and telecommuting. The purpose is to retain employees by helping them balance work and personal life.

Marcy Whitebook
National Co-Director, National Center for Early Childhood Work Force
San Francisco, CA
Phone: 510-654-1778

The National Center for Early Childhood Work Force works to improve the quality of child care by upgrading the training and compensation of child care teachers and family child care providers. Dr. Whitebook, founding Executive Director of the Center, serves as the organization's Co-Director. She was the Project Director for the *National Child Care Staffing Study*, *NAEYC Accreditation as a Strategy for Improving Child Care Quality* and *Salary Improvements in Head Start: Lessons for the Early Care and Education Field*.

Advisors

Ellen Galinsky
President, Families & Work Institute
Phone: 212-465-2044
New York, N.Y.

The Families and Work Institute is a non-profit research and planning organization committed to developing new approaches for balancing the changing needs of America's families with the continuing need for workplace productivity. Before founding the Institute, Ms. Galinsky has been an advisor to the U.S. Department of Education on business and family involvement in education and to the U.S. Department of Labor. The Institute conducted the new survey that is highlighted in the report.

J.T. (Ted) Childs, Jr.
Vice President of Global Diversity
IBM Corporation
North Tarrytown, NY
Phone: 914-524-3030

Mr. Childs has worldwide responsibility for IBM Corporation's workforce diversity programs and policies. In 1989, he was apppointed by New York Governor Mario Cuomo to the Governor's Advisory Council on Child Care. He is a member of the American Business Collaboration (ABC) of Quality Dependent Care Board of Champions. The ABC is the largest and most comprehensive private sector initiative specifically designed to improve the quality and expand the supply of dependent care. IBM joined with PepsiCo to develop one ofthe first child care centers in northern Westchester County to serve infants, toddlers, and preschoolers in the same setting.

Dee Topol
Former President, Travelers Foundation
Phone: 914/698-3532

Ms. Topol was the President of the Travelers Foundation and directed the company's philanthropic program and foundation activity. She is chair of the Board of the Families and Work Institute; a member of New York State Permanent Interagency Council on Families and Children Advisory Board and a member of the Child Care Action Campaign.

Chris Kjeldsen
Vice President, Community and Workplace Programs
Johnson and Johnson
New Brunswick, New Jersey
Phone: 732/524-3030

Oversees policies and programs which help Johnson & Johnson employees balance their work and family responsibilities. J&J offers child care consultation and referral through its LifeWorks program. LifeWorks helps J&J employees find and recognize quality child care, locate appropriate care for school-age children after school, plan for maternity/paternity leave and return, and prepare for adoption. J&J is opening its fifth and sixth child care centers within the next 60 days. In August of 1992, the First Lady took a tour of J&J's New Brunswick, N.J. headquarters J&J child development center.

Faith Wohl
President
Child Care Action Campaign
Phone: 212-239-0138
New York, N.Y.

The Child Care Action Campaign (CCAC) is a national advocacy organization that works to stimulate and support the development of policies and programs that increase the availabililty of quality affordable child care. Prior to her joining CCAC she worked on Vice President Gore's National Performance Review. She has been Director of the U.S. General Services Administration's Office of Workplace Initiatives and worked for the DuPont, Co. for 20 years. She has been named one of America's "10 Most Admired Women Managers" by Working Woman magazine.

Date: 04/23/98 Time: 03:05
CClinton focusing on child care

(White House) -- President Clinton focuses on child care today, as he continues a week-long bid to prod Congress on his domestic agenda.

In a Rose Garden ceremony, Clinton will receive reports on child care from the Labor and Treasury departments. Aides say he'll use the occasion to complain that lawmakers are letting his 22 (B) billion dollar child care initiative languish.

Already this week Clinton has attacked Republican leaders over education, tobacco and the environment -- as both parties sharpen up their policy differences ahead of the fall congressional campaign.

Tonight, Clinton is hosting a White House reception on the anniversary of his 1993 budget plan -- which he credits with igniting the current economic boom. Republicans call it the biggest tax hike in history.

(SOUND: 4:32 aed)
APNP-04-23-98 0305EDT

Families and **Work** Institute

330 Seventh Avenue, NY, NY 10001
(212) 465-2044 Fax: (212) 465-8637
Web site: www.familiesandwork.org

FWI FAX

To: Nicole Rabner, The White House

Fax: (202) 456-2878

From: Ellen Galinsky

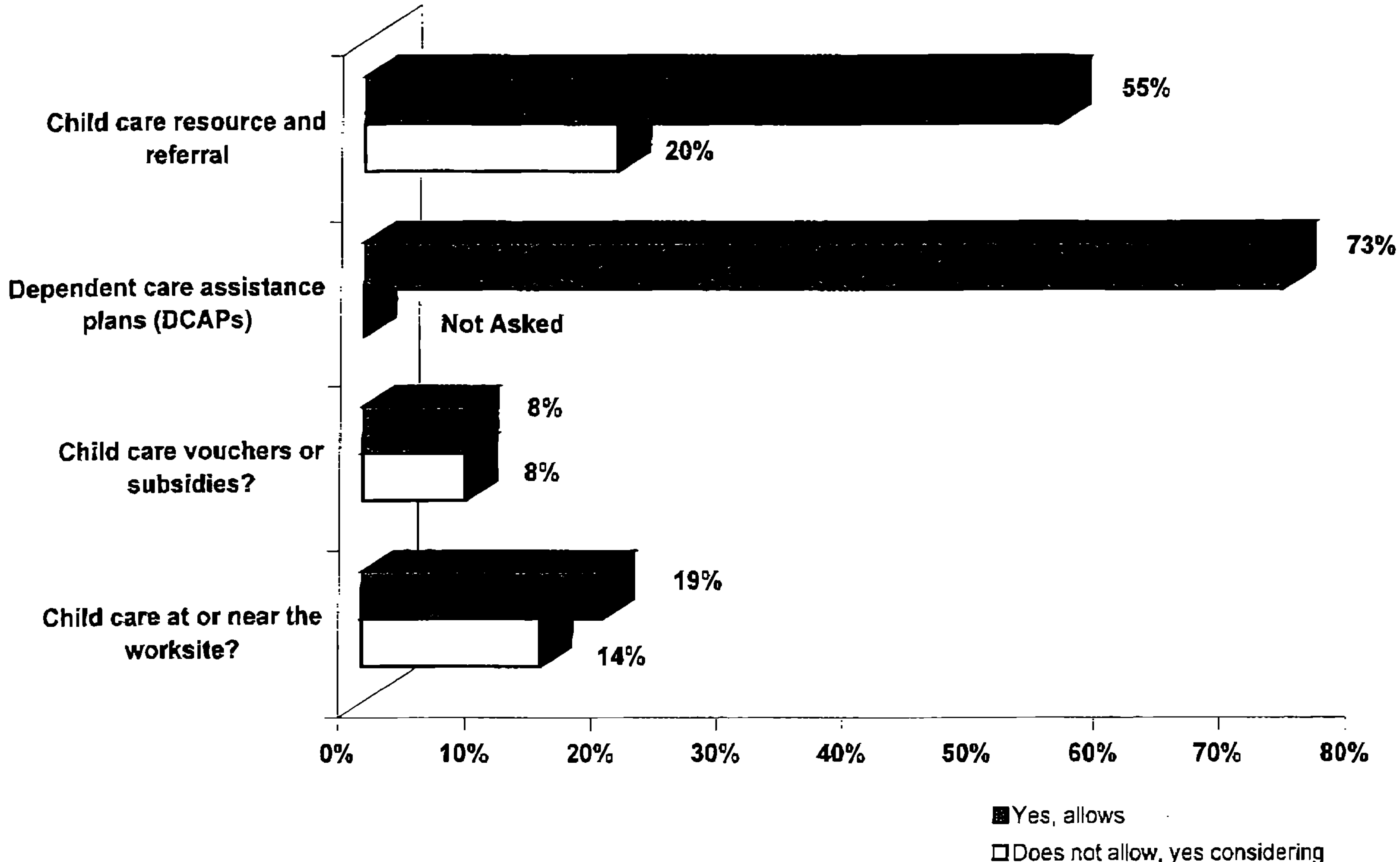
Date: 4/22/98 # of pages (including this page): 3 Acct. code: 485

Notes:

Per your conversation
with Ellen today,
We can also e-mail
these Charts to you
if you'd like — we need
your e-mail address.

Barbara

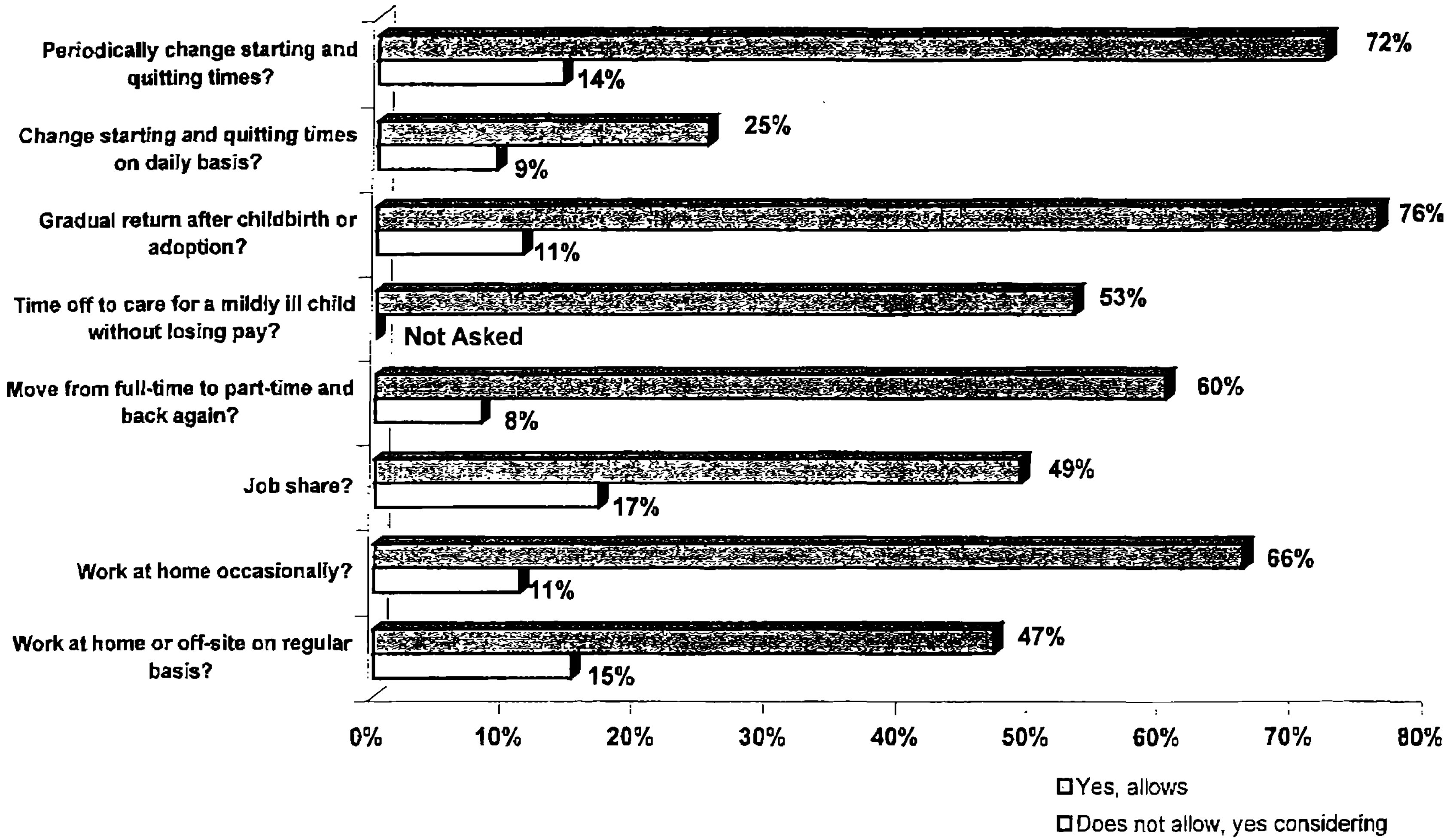
Percentage of employees who work for companies that provide...



Company sample includes only those with 100 or more employees.

Source: Families and Work Institute, 1998

Percentage of employees who work for companies that allow employees to...



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Source: Families and Work Institute, 1998

Child Care

This is an important electorate with the new base of the Democratic Party. Right now the gender gap is 42/30 in favor of the Democrats among women. Once given the message including child care, that increases to 57/30. This is an issue that counts with our growing womem's constituency.

Americans support expanding child care to help working families to better afford it and because so many parents are now forced to put their kids into unregistered and inadequate facilities.

69% / 27% support expanding child care

The major theme for the next event should be making childcare more affordable for working families, which is heavily favored by Democrats and independents.

Some people say that we need to pass legislation to regulate and expand child care. Which of the following is the best reason to pass legislation to expand child care?	**Tot**	**D**	**R**	**I**
Better education and child development programs for our kids	14	9	30	9
Current child care options are inadequate and do not meet our needs	24	21	19	26
To make child care more affordable for working families	**38**	**49**	**29**	**37**
To improve the safety of the nation's child care facilities	12	20	7	10

Which of the following is the best reason to pass legislation expanding child care?	**Tot**	**D**	**R**	**I**
60% of mothers with children under 6 work outside the home	**26**	**27**	**22**	**24**
45% of kids under 1 are in child care	**2**	**1**	**2**	**3**
5 million children are left unattended after school	**22**	**28**	**21**	**18**
Only 1 in 7 child care facilities provides good care	**9**	**11**	**8**	**8**
Only 13% of child care facilities are registered and 50% of the unregistered facilities do not provide adequate care.	**26**	**29**	**27**	**25**

Which of the following is the most important issue that should be addressed by Congress in crafting child care legislation?	Tot	D	R	I
Safety	28	13	47	28
Quality of instruction to ensure that children are prepared to learn when they start school	19	16	17	23
Availability of child care	18	21	18	16
Affordability	29	46	16	20

Which of the following is the best reason not to pass child care legislation?	Tot	D	R	I
More parents should stay home to take care of their children	19	15	24	18
A big federal program is not the way to fix whatever problems there are with our existing child care system	30	19	25	47
The states have adequate resources to fix child care without the federal government getting involved	39	50	40	25

Need to address the last point – indicating that states do not have and are not dedicating the resources for childcare.

Corporate Power

The theme of large companies getting even bigger in the information age – a topic which we have not addressed but have previously polled and identified as an issue got a huge boost in salience with the megabank mergers. CNN poll shows 8-point jump to 76% agree that too much power is concentrated in the hands of too few companies. 54% say they are bad for consumers.

Now is the time to begin an extensive policy process on reviewing the merger laws for the 21st century economy. This would no longer be about software companies, but about the most classic of trust – banks and other industries. This would be a major, lasting legacy undertaking.

MIT Speech

Topic has gained more salience with the New York Times front page story "Racial Divide Found on the Information Highway" showing that 73% of white college and high school students have access to a home computer, compared to 31% of blacks.

Should center on the four challenges of the information age:

TREASURY CHILD CARE WORKING GROUP

Working Group

Secretary Robert E. Rubin
Secretary of the Treasury

Doug Price
CEO, First Bank of Colorado
Denver, CO
Phone: 303/232-2000

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John J. Sweeney
President, AFL-CIO
Washington, D.C.

Mr. Sweeney was elected president of the AFL-CIO in 1995, having served his fourth four-year term as president of the Service Employees International Union. In 1987 he co-edited the UNA-USA Economic Policy Council's *Family and Work: Bridging the Gap* and co-authored, in 1989, *Solutions for the New Work Force*. Through collective bargaining, employers and employees have taken steps to address child care issues and improve worker satisfaction and productivity.

NOTE: Mr. Sweeney is not able to attend the event, so AFL-CIO Executive

Vice President **Linda Chavez-Thompson** will attend in his place. Ms. Thompson was elected Executive Vice-President in 1995. Ms. Chavez-Thompson has thirty years experience in the labor movement. She rose from the organizing ranks of her union, the American Federation of State, County and Municipal Employees, to become the first person of color elected to an executive office of the AFL-CIO. She is the highest ranking woman in the labor movement.

Randall Tobias
Chairman & CEO, Eli Lilly and Co.
Indianapolis, IN
Phone: 317/276-6327

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CEO, Travelers Insurance
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National Co-Director, National Center for Early Childhood Work Force
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Advisors

Ellen Galinsky
President, Families & Work Institute
Phone: 212-465-2044
New York, N.Y.

The Families and Work Institute is a non-profit research and planning organization committed to developing new approaches for balancing the changing needs of America's families with the continuing need for workplace productivity. Before founding the Institute, Ms. Galinsky has been an advisor to the U.S. Department of Education on business and family involvement in education and to the U.S. Department of Labor. The Institute conducted the new survey that is highlighted in the report.

J.T. (Ted) Childs, Jr.
Vice President of Global Diversity
IBM Corporation
North Tarrytown, NY
Phone: 914-524-3030

Mr. Childs has worldwide responsibility for IBM Corporation's workforce diversity programs and policies. In 1989, he was apppointed by New York Governor Mario Cuomo to the Governor's Advisory Council on Child Care. He is a member of the American Business Collaboration (ABC) of Quality Dependent Care Board of Champions. The ABC is the largest and most comprehensive private sector initiative specifically designed to improve the quality and expand the supply of dependent care. IBM joined with PepsiCo to develop one ofthe first child care centers in northern Westchester County to serve infants, toddlers, and preschoolers in the same setting.

Dee Topol
Former President, Travelers Foundation

Phone: 914/698-3532

Ms. Topol was the President of the Travelers Foundation and directed the company's philanthropic program and foundation activity. She is chair of the Board of the Families and Work Institute; a member of New York State Permanent Interagency Council on Families and Children Advisory Board and a member of the Child Care Action Campaign.

Chris Kjeldsen
Vice President, Community and Workplace Programs
Johnson and Johnson
New Brunswick, New Jersey
Phone: 732/524-3030

Oversees policies and programs which help Johnson & Johnson employees balance their work and family responsibilities. J&J offers child care consultation and referral through its LifeWorks program. LifeWorks helps J&J employees find and recognize quality child care, locate appropriate care for school-age children after school, plan for maternity/paternity leave and return, and prepare for adoption. J&J is opening its fifth and sixth child care centers within the next 60 days. In August of 1992, the First Lady took a tour of J&J's New Brunswick, N.J. headquarters J&J child development center.

Faith Wohl
President
Child Care Action Campaign
Phone: 212-239-0138
New York, N.Y.

The Child Care Action Campaign (CCAC) is a national advocacy organization that works to stimulate and support the development of policies and programs that increase the availabililty of quality affordable child care. Prior to her joining CCAC she worked on Vice President Gore's National Performance Review. She has been Director of the U.S. General Services Administration's Office of Workplace Initiatives and worked for the DuPont, Co. for 20 years. She has been named one of America's "10 Most Admired Women Managers" by Working Woman magazine.

TREASURY CHILD CARE WORKING GROUP MEETING PARTICIPANTS

Erskine Bowles

Michael Froman, Department of Treasury Acting Chief of Staff (Secretary Rubin is unable to attend due to his wife's surgery.)

Working Group

Doug Price, CEO, FirstBank of Colorado, Denver, CO
FirstBank of Colorado is the lead bank of the 24 subsidiary banks of FirstBank Holding Company of Colorado, the state's largest locally owned bank. Mr. Price is chairman of the Colorado Business Commission on Child Care Financing, a group appointed by Governor Roy Romer to examine the needs of working parents and their children. FirstBank of Colorado established a reduced hours program in 1989 to provide workers the flexibility to both maintain a career and raise a family.

George Stinson, President & CEO, General Converters & Assemblers, Racine, Wisconsin
For the past 24 years, Mr. Stinson has been the Chairman and President of General Converters and Assemblers, Inc., a 200-person manufacturing company that makes disinfectant tablets and pallets. Mr. Stinson is presently the president of the Racine branch of the NAACP, the CEO of the Southeastern Wisconsin Private Industry Council and Chairman of the Racine County Economic Corporation. Mr. Stinson is an example of a small business leader who is working with other local companies to investigate ways to address child care issues.

AFL-CIO Executive Vice President Linda Chavez-Thompson (Substituting for John J. Sweeney, President, AFL-CIO)
Ms. Thompson was elected Executive Vice-President in 1995. Ms. Chavez-Thompson has thirty years experience in the labor movement. She rose from the organizing ranks of her union, the American Federation of State, County and Municipal Employees, to become the first person of color elected to an executive office of the AFL-CIO. She is the highest ranking woman in the labor movement.

Randall Tobias, Chairman & CEO, Eli Lilly and Co., Indianapolis, IN
Mr. Tobias is Chairman of the Board and Chief Executive Officer of Eli Lilly and Company which develops, manufactures and markets pharmaceuticals and animal products. Mr. Tobias is also on the board of the Phillips Petroleum Company, Kimberly-Clark Corporation, and Knight-Ridder, Inc. In 1996 he was named 1996 CEO Family Champion of the Year by Working Mother Magazine. Eli Lilly is working with state government, other Indiana companies, and the Purdue University Center for Families in a public-private partnership to address the need for sick child care throughout the state.

Sanford Weill, CEO, Travelers Insurance, New York, N.Y.

Mr. Weill is Chairman and Chief Executive Office of Travelers Group, the diversified financial services company. Mr. Weill has a long history of involvement in many aspects of child care which he has acted on in each of his assignments as CEO of American Express, Commercial Credit, Primerica and at his current position at Travelers. Salomon Smith Barney, a Travelers Group subsidiary, offers employees a choice of alternate work arrangements, including flextime, job sharing, and telecommuting. The purpose is to retain employees by helping them balance work and personal life.

Marcy Whitebook, National Co-Director, National Center for Early Childhood Work Force, San Francisco, CA
The National Center for Early Childhood Work Force works to improve the quality of child care by upgrading the training and compensation of child care teachers and family child care providers. Dr. Whitebook, founding Executive Director of the Center, serves as the organization's Co-Director. She was the Project Director for the *National Child Care Staffing Study, NAEYC Accreditation as a Strategy for Improving Child Care Quality* and *Salary Improvements in Head Start: Lessons for the Early Care and Education Field.*

Advisors

Ellen Galinsky, President, Families & Work Institute, New York, N.Y.
The Families and Work Institute is a non-profit research and planning organization committed to developing new approaches for balancing the changing needs of America's families with the continuing need for workplace productivity. Before founding the Institute, Ms. Galinsky has been an advisor to the U.S. Department of Education on business and family involvement in education and to the U.S. Department of Labor. The Institute conducted the new survey that is highlighted in the report.

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Jen

Child Care

This is an important electorate with the new base of the Democratic Party. Right now the gender gap is 42/30 in favor of the Democrats among women. Once given the message including child care, that increases to 57/30. This is an issue that counts with our growing women's constituency.

Americans support expanding child care to help working families to better afford it and because so many parents are now forced to put their kids into unregistered and inadequate facilities.

69% / 27% support expanding child care

The major theme for the next event should be making childcare more affordable for working families, which is heavily favored by Democrats and independents.

Some people say that we need to pass legislation to regulate and expand child care. Which of the following is the best reason to pass legislation to expand child care?	**Tot**	**D**	**R**	**I**
Better education and child development programs for our kids	14	9	30	9
Current child care options are inadequate and do not meet our needs	24	21	19	26
To make child care more affordable for working families	**38**	**49**	**29**	**37**
To improve the safety of the nation's child care facilities	12	20	7	10

Which of the following is the best reason to pass legislation expanding child care?	**Tot**	**D**	**R**	**I**
60% of mothers with children under 6 work outside the home	**26**	**27**	**22**	**24**
45% of kids under 1 are in child care	**2**	**1**	**2**	**3**
5 million children are left unattended after school	**22**	**28**	**21**	**18**
Only 1 in 7 child care facilities provides good care	**9**	**11**	**8**	**8**
Only 13% of child care facilities are registered and 50% of the unregistered facilities do not provide adequate care.	**26**	**29**	**27**	**25**

Which of the following is the most important issue that should be addressed by Congress in crafting child care legislation?	**Tot**	**D**	**R**	**I**
Safety	**28**	**13**	**47**	**28**
Quality of instruction to ensure that children are prepared to learn when they start school	**19**	**16**	**17**	**23**
Availability of child care	**18**	**21**	**18**	**16**
Affordability	**29**	**46**	**16**	**20**

Which of the following is the best reason not to pass child care legislation?	**Tot**	**D**	**R**	**I**
More parents should stay home to take care of their children	**19**	**15**	**24**	**18**
A big federal program is not the way to fix whatever problems there are with our existing child care system	**30**	**19**	**25**	**47**
The states have adequate resources to fix child care without the federal government getting involved	**39**	**50**	**40**	**25**

Need to address the last point – indicating that states do not have and are not dedicating the resources for childcare.

Corporate Power

The theme of large companies getting even bigger in the information age – a topic which we have not addressed but have previously polled and identified as an issue got a huge boost in salience with the megabank mergers. CNN poll shows 8-point jump to 76% agree that too much power is concentrated in the hands of too few companies. 54% say they are bad for consumers.

Now is the time to begin an extensive policy process on reviewing the merger laws for the 21st century economy. This would no longer be about software companies, but about the most classic of trust – banks and other industries. This would be a major, lasting legacy undertaking.

MIT Speech

Topic has gained more salience with the New York Times front page story "Racial Divide Found on the Information Highway" showing that 73% of white college and high school students have access to a home computer, compared to 31% of blacks.

Should center on the four challenges of the information age:

TALKING POINTS ON CHILD CARE
April 23, 1998

- Today at the White House, the President released two reports highlighting private sector efforts to provide child care assistance to workers, and he urged Congress to pass child care legislation this year.

- Today more than ever, families are struggling to afford child care. Low-income families spend as much as 25 percent of family income on child care.

- States do not have enough funding to meet the need for child care assistance. In fact, because of resource constraints, some states set eligibility levels far below what is allowed by federal law. In 10 states, a family of three with as little as $20,000 of income is not eligible for any help with child care costs. In as many as 37 states, a family of three with $28,000 of income is not eligible for a child care subsidy. And most states have insufficient funds even to subsidize all families meeting their eligibility requirements.

- Businesses are doing important things to provide child care assistance to working families. The reports released today highlight these efforts and urge their replication. But businesses cannot solve the child care problem alone.

- As part of his balanced budget request, the President called for significant new investments in child care -- to help working families pay for child care, build a good supply of after-school programs, improve the safety and quality of care, and promote early learning. To encourage more private sector investment in child care, the President has proposed a new tax credit for businesses that offer child care services to their employees.

- The President is urging Congress -- which has less than 70 days left in its congressional session -- to put aside differences and come together to pass child care legislation for America's working families.

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Proposed Agenda For Child Care Working Group Meeting

1) Introduction -- the First Lady

--Thanks to the working group
-- importance of this issue
--would like to hear an overview of what we found and relevant experiences of different members of the group
-- then let's have discussion

2) A Business Perspective--Erskine Bowles

--my experience as a small businessperson tells me it's important
--North Carolina--Smart Start
--Passing the initiative is a high priority of the President

3) Overview of Findings

I'd like to go around the room and hear from the members of the group about what you found both from this process and from your experiences. (First Lady)

Results Of Survey--Ellen Galinsky and Dee Topol

Experiences With Different Types Of Child Care Programs (First Lady facilitates):

Sandy Weill - Backup care
Randy Tobias--Public/Private partnerships; sick care
Doug Price - Workplace flexibility
George Stinson - Small Business
Linda Chavez-Thompson (representing John Sweeney) - Business/union partnerships
Marcy Whitebrook - Quality/child care workforce

Other Topics:

Resource and referral networks
On and off-site care
Corporate partnerships
After-school care

4) Discussion Of Findings (First Lady facilitates)

Possible questions for discussion:

--How did you go about determining employee needs?

--What are the benefits you've seen from providing child care services? Has it affected your ability to attract and retain employees?

--Why don't more businesses provide child care benefits?

--Where do we go from here?

cmbeach @ email.msn.com
04/20/98 10:10:00 PM

Record Type: Record

To: Katharine Button, Pamela Cicetti, Jennifer L. Klein

cc:
Subject: Column Draft

Draft #1
FIRST LADY HILLARY RODHAM CLINTON
"TALKING IT OVER"/CREATORS SYNDICATE
COLUMN FOR PUBLICATION APRIL 21, 1998

I-95, like so many other American highways, was jammed last weekend as millions returned to home and school after spring break. Among those making their way back to Washington were members of Congress.

Congress will be in session fewer than 90 more days this year - not much time to tackle an ambitious agenda that includes the budget, several education issues, the expansion of Medicare, IRS reform, tobacco legislation, the patients' bill of rights, and child care.

Several members of both houses have proposed child care legislation. Now is the time to act.

We all know that the character of the American workforce has changed in recent decades. Over 65 percent of mothers with children under age six have joined the workforce, a number that will continue to grow as women leave the welfare rolls for the workplace. Thirteen million preschool children, including 6 million infants and toddlers, spend all or part of their day in the care of someone other than a parent. And millions of school-age children need care after school or when schools are closed.

We know that the quality of care children receive in their earliest months and years affects their intellectual development. The least we can do is ensure that this care is safe and stimulating.

But, safe and stimulating care can provide little benefit if it's not also affordable. About half of America's families with young children earn less than $35,000 per year and, for them, child care is a significant financial burden. Annual costs typically range from $4,000 to $10,000 per child, a huge percentage of earnings.

Federal, state and local government programs provide subsidies for many working parents; but many - especially the working poor - still need help. This is why it is so important, in the short time left in this Congressional year, for our legislative leaders to act now.

The President and several members of Congress - in both parties - have proposed plans that would double the number of children receiving child care subsidies, give tax cuts to businesses that provide child care, expand child care tax credits to 3 million working families, expand after-school programs, improve standards for child care centers and provide more funds to train workers.

In the past several weeks, many members of Congress, including members of the bipartisan Congressional Caucus for Women's Issues, have written their leaders urging prompt action on these important issues.

Not only do many families require government assistance in obtaining decent child care, but working parents also need the support and understanding of their employers. The good news is that family-friendly workplace policies are good not just for workers, but they're also good for the bottom line.

Last October, at the White House Conference on Child Care, the President asked Treasury Secretary Robert Rubin to convene a group of business and labor leaders to look at child care problems facing working parents, and to identify some of the best practices in the private sector and in public-private partnerships. This week, at a Rose Garden ceremony, the working group releases its report, Investing in Child Care.

The report includes results of a new study by the Families and Work Institute that reinforces the benefits for businesses that invest in child care – benefits such as improved employee morale, reduced turnover and absenteeism, and increased productivity. Two-thirds of the companies studied reported that child care and flexible work programs resulted in net financial benefits or no added costs.

Among the "best practices" cited: Lexis-Nexis, which reduced operating expenses by more than 45 percent through a telecommuting program and a flexible work environment; First Tennessee Bank, which reported reduced turnover costs of more than $1 million annually from work and family programs, including more flexible scheduling; Johnson & Johnson, which realized more an $4 for every $1 invested in its work and family programs; and Lancaster Laboratories, which now has a turnover rate one-half the industry average, in part due to an on-site child care center.

In the words of the members of the Congressional Caucus for Women's Issues, "For most families in America today, child care is not an option, but a necessity. For most working parents, child care is not a luxury, but a fact of everyday life."

It is the job of individual parents to decide what kind of child care is best for their family. Government and the private sector should not and cannot interfere. But, government and the private sector can play a role in making sure that affordable, quality care is within reach of every family in this country. And, affordable, quality child care is good for everybody's bottom line. (End)

(768 words)

Jonathan Murchinson
04/21/98 10:51:26 AM

Record Type: Record

To: Jennifer L. Klein/OPD/EOP, Julie E. Mason/WHO/EOP

cc:
Subject: Child care event mtg follow up

The below is how the media outreach for the Child Care event has been tasked in the press office. I'll pass on your e-mail from a few minutes ago to Mark and Brenda and one of them should be able to let you know where things stand w/morning shows.

--------------------- Forwarded by Jonathan Murchinson/WHO/EOP on 04/21/98 10:51 AM ---------------------------

Jonathan Murchinson
04/20/98 04:03:54 PM

Record Type: Record

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

cc: Anne E. McGuire/WHO/EOP, Nicole R. Rabner/WHO/EOP, Neera Tanden/WHO/EOP
Subject: Child care event mtg follow up

Read out from today's mtg:

1. Outreach to women's mags and columnists: **Estela**, the Women's Ofc. said they have been in touch w/you on this.
2. AM shows: **Mark/Brenda**, the group consensus was to put Shalala out w/a member of the Treasury Working Group on Thursday morning's shows. You should touch base w/Anne McGuire (Shalala) or Dan Israel (who is Treasury's press contact for the working group, 622-1996) about scheduling.
3. Stake out: Nicole Rabner will let us know who they would like to go to the stakeout.
4. Regional outreach: I will get bios from Treasury of their working group members who are pitchable.

Message Sent To:

Draft

At the White House Conference on Child Care in October 1997, President Clinton and First Lady Hillary Rodham Clinton called together child care experts, business leaders, parents and others to highlight an issue of tremendous importance to working families, businesses, and our economy. At that conference, the President also asked me to bring together a group of business and labor leaders to look at child care problems facing working parents, and to identify best practices in the private sector and in public-private partnerships. The following report is the result of the group's work.

Over the last 30 years, the composition of the labor force has changed significantly. Today, there are 20 million families with either a single working parent or two working parents using child care. For too many of these families, quality child care is either unavailable or unaffordable. Addressing this issue should be a high priority of business, as well as government, for the benefit of business, workers and the economy.

In this report, we identified and provided examples of a variety of ways that businesses can promote access to child care for their employees. In addition to providing on-site care, employers can also contribute to the cost of off-site care, help provide access to resource and referral networks, participate in public-private partnerships, and provide greater flexibility for working parents.

This report helps confirm a belief I have taken from my experience in the private sector: it makes good business sense to create a work environment that supports the needs of each individual, such as by providing access to child care. It not only benefits the individual, but it also benefits the company by enabling them to attract and retain the best people. With the changing nature of the workforce and a growing economy, this is more important to individual businesses now than ever before. And child care is also critically important to all businesses and our economy because today's children are tomorrow's workers.

The report carries an important lesson: investments in child care can pay off in real dividends for employers and employees. I encourage businesses to draw lessons from the best practices presented here to help determine what best meets their needs going forward. By identifying and publicizing programs such as the ones contained in this report, we hope to replicate these successes around the country in large and small businesses.

Thirty years ago, it would have seemed unusual for the Secretary of the Treasury to address the issue of child care. Today, however, I am convinced that addressing this issue is critical not only to the lives of the working parents and children involved, but to business, and the well-being of our economy as we enter a new century.

Robert E. Rubin

CONTENTS OF REPORT

References

INTRODUCTION

Child care affects many employees and almost all employers. In 1996, 51 million working Americans, representing 38 percent of the labor force, had children under the age of 18.1 Of the ten million preschoolers of employed mothers, more than half were cared for by someone outside the family.2 There are also 24 million school-age children in need of care during out-of-school time.3 In some families both parents choose to work, in others such an arrangement is a financial necessity, and in many single-parent families work is the only option. In all of these cases, parents need access to child care.

The Challenges Facing Working Parents

Working mothers and fathers face challenges in their dual roles as parents and employees. They are concerned about the affection, education, and stimulation their infants, toddlers, and preschoolers are receiving. They are concerned about the financial burden of child care. They are concerned about what they will do if their regular child care provider is unable to care for their child. They are concerned about the activities of their school-age children before and after school and during school vacations. They are concerned about how the demands of child care affect their performance and productivity on the job.

This report, *Investing in Child Care*, discusses what businesses can do to promote access to affordable, high quality child care for their employees. Although this report focuses on employers, it is ultimately the parents who are responsible for ensuring that their children receive high quality child care. If both parents work, or single parents, they must research available options, select the type of care their children receive, and pay for the care. In choosing a child care provider, parents must take into account specific factors such as the particular needs of their children; the provider's qualifications, experience, and interaction with the children; the environment in which the children receive care; convenience (including location and hours); and affordability.

The Role of the Public Sector and Employee Representatives

Federal, state, and local governments also provide child care assistance to working parents. Through both the tax code and a block-grant program for low-income families, the Federal government provides financial assistance to working families for child care, particularly to low-income families, for whom the cost of care is a significant financial burden. The Earned Income Tax Credit and the recently enacted child tax credit also provide financial support to working families with children, though not directly for child care purposes. Some states form public-private partnerships with local business leaders to help promote access to quality, affordable care. Federal, state, and local governments also promote efforts to improve the *quality* of care, through measures such as licensing, regulation of child care centers, and provider education.

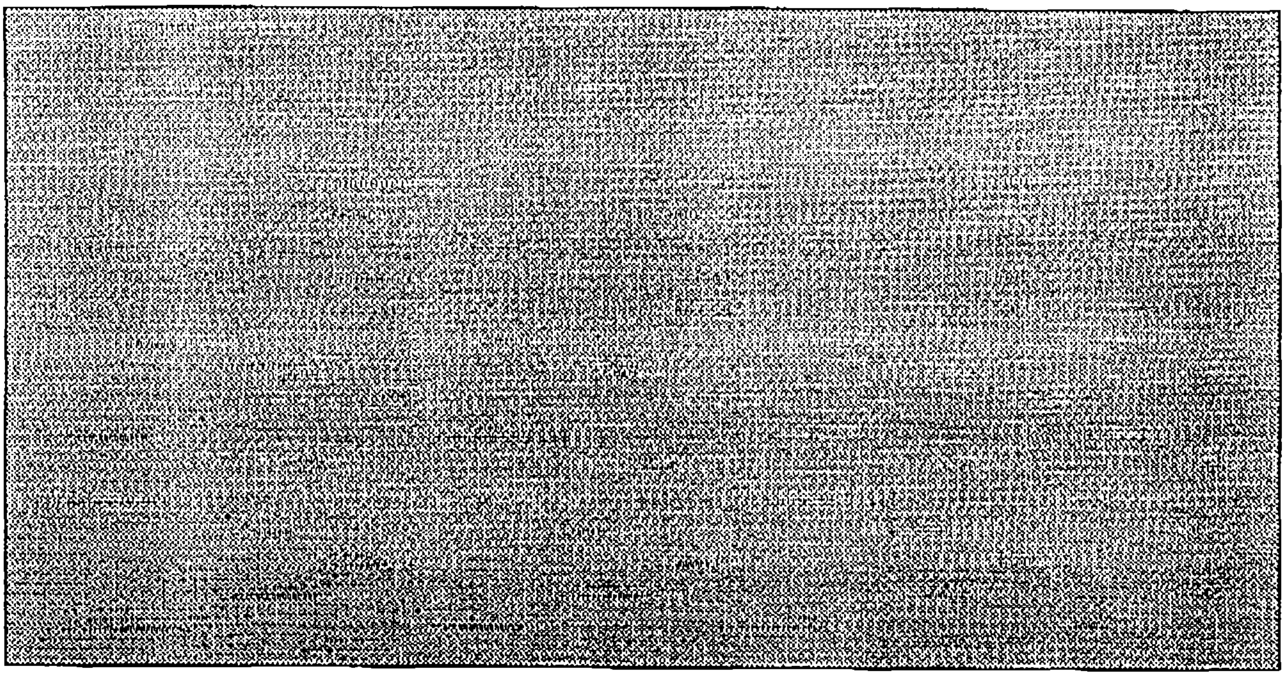
Employee representatives, such as labor unions, can also play an important role in helping parents find affordable, quality care. Through collective bargaining, employers and employees have taken steps to address child care issues and improve worker satisfaction and productivity. Benefits that have been negotiated include child care subsidies for workers, time off to care for sick children, paid family leave, and resource and referral programs. In an informal survey of six major unions, the Labor Project for Working Families found more than 1.6 million workers covered by some type of child care benefits through their union contract.4

Why Child Care Matters to Businesses

Employers find that child care can have a significant impact on their businesses. Lack of access to affordable, quality child care may make it difficult for businesses to hire qualified employees. Productive and valued employees may leave their jobs because of child care problems, increasing hiring and training costs. Employees may be forced to take time off because of child care problems, or spend time at work handling child care concerns. All of these factors can reduce productivity and profits. Many business recognize this, and support child care programs. But a recent study found that *only 1 percent of revenues* for child care and early education came from the private sector.5

Businesses can play a very important role in helping their employees find and use quality child care. There are a number of reasons employers may find it beneficial to support child care: to improve employee morale, to reduce turnover or absenteeism, to increase productivity, or as part of efforts to benefit their community. *Many companies have found that investment in child care benefits the bottom line.*

Employers are wise to be concerned about child care because today's children are tomorrow's workers and consumers. Our changing economy requires a flexible, educated workforce. President Clinton's 1997 White House Conference on Early Child Development and Learning highlighted the importance of brain development in early childhood. The President's White House Conference on Child Care in October 1997 emphasized the importance of child care that enhances growth and prepares children to learn, and also stressed the urgent need for after-school opportunities for young people. For some children, the majority of this care will come from their parents. For others, however, this care will come from a combination of parents and other caregivers. Quality child care is important if these children are to reach their full potential.6



Benefitting the Bottom Line: A New Survey

A recent survey of over 1,100 companies, conducted by the Families and Work Institute for this report, reinforces the benefits to businesses. This is the first-ever comprehensive survey of the effects of family-friendly policies on the bottom line. Its findings include:

- Employers who have conducted formal evaluations of child care programs find substantial benefits. More than half of those surveyed find that the benefits of child care programs are greater than costs, and another fifth report that the programs are cost-neutral.

- There are similar findings for programs that allow for flexible work schedules: of those companies that have done formal evaluations of the programs, one-third find that benefits exceed costs, and another one-third report that the programs are cost-neutral.

- For family leave policies subject to formal evaluations, almost one-half of employers find that the benefits outweigh the costs, and another fifth find that the programs are cost-neutral.

What Businesses Can Do

Many employers may view child care as a single issue with one solution--an on-site child care center. However, the issue is much more complex. Many parents choose other types of child care arrangements, such as relative care or family day care; fewer than 30 percent of preschool children of employed mothers are cared for in formal settings, such as centers or nursery schools.[7] Parents may also face other child care issues, such as after-school care for older children or the need for backup care. This report looks at a number of areas where employers can help their employees with child care, including:

- resource and referral programs;
- flexibility for working parents;
- public-private partnerships;
- corporate partnerships;
- on-site child care;
- off-site care;
- backup/sick child care; and
- out-of-school care.

Small and Medium-Sized Businesses

It is important to note that child care is not only an issue for large employers. Small and medium-sized businesses can also take steps to improve employee access to quality child care. A business with only a few employees can face serious consequences if a vital worker is forced to leave because of a child care problem. Although some of the solutions to child care concerns discussed in this report will make sense primarily for larger employers, others will also apply to small and medium-sized firms.

Section 1 of the report discusses the concerns facing workers as they balance their roles as parents and employees. Section 2 will discusses the economics of child care. Section 3 offers best practices in different child care areas. It also features results from the Families and Work Institute survey of 1,100 businesses on child care practices, and how these practices have affected the bottom line; this survey is the first to take a comprehensive look at what *employers* are doing to promote access to child care, and how they benefit from these programs. Section 4 offers suggestions on how employers who are interested in offering child care programs can proceed. Also contained in this section is a listing of child care resources.

This report is by no means an exhaustive list of what companies can do to promote employee access to child care. It is, instead, a starting point for employers interested in learning about how they can benefit both their company and their employees through investment in child care.

PROBLEMS FACING WORKING PARENTS

The 51 million parents who work are faced with a number of important decisions about child care. Working parents of young children must decide what type of child care to use (e.g., family child care or a center), and then must select a specific provider. This decision depends on factors such as the needs of their children, child care cost and quality, and the convenience offered. Parents must also make decisions about what to do if their regular provider is unavailable or if their child is sick. Parents of school-age children must find care during out-of-school time, or leave their children at home alone ("latch-key kids"). For many parents these are difficult choices, and sometimes they must make tradeoffs between different attributes of care, such as price and quality. This can make child care a source of serious concern for working parents. A 1992 study found that workers with children exhibited higher levels of stress than workers without children, and child care responsibilities appear to be one of the causes.8

I. Financial Concerns

Child care is a serious financial burden for many families. In 1993, for families that paid for care for their preschoolers, weekly child care costs averaged $79 per family, or about $4,000 annually, and represented about 7.5 percent of income. Costs are higher for younger children (particularly infants), for in-home baby sitters and child care centers, and in metropolitan areas. Child care costs have increased more than 20 percent since 1986, even after adjusting for inflation (Chart 1).9 Care for older children in after-school programs is somewhat less expensive, averaging about $1,000 per school year.10

The cost of child care is a particular burden for low-income families (Chart 2). Child care costs constitute less than 6 percent of income for families with annual incomes of $54,000 or more, but for the poorest families (those with incomes of $14,400 or less) child care costs on average represent more than one-quarter of family income.11 These high child care costs for low-income workers can create a substantial impediment to work. And although there are programs in place to help low-income working families with child care, a recent study finds that many parents are not aware of them.12

II. Quality Concerns

Experiences during the first three years of childhood, including child care, can dramatically affect the rest of life. A growing body of research substantiates the view that investments in the care of young children affect a child's physical and emotional development, and that these investments can have positive returns for families and society.13

Quality is an important issue to parents and child care providers. "Quality" in child care encompasses many different components, such as health and safety, education, and provider-child interaction. Some attributes of quality, such as staff-to-child ratio and provider education, are relatively easy to measure. Other components of quality, such as the interaction between caregiver and child and the educational component of care, are more difficult to quantify. Nevertheless, researchers have improved their ability to both define and measure these components of quality care. Interestingly, researchers' definitions of quality tend to match what parents value and desire in the care for their children.

The primary component of quality is the relationship between the child and the child care provider; parents are particularly concerned that this relationship be warm and responsive. Parents want a provider who cares about their child, gives their child attention, ensures the child's safety, and communicates with the parents about the child's development.14

Studies have found that a number of factors make it more likely that the provider meets the parents' needs. These include:

- a small number of children per adult (low child to staff ratio);
- a small group size;
- a provider with a relatively high level of education and training; and
- a low level of staff turnover.15

Three cross-national studies have found that child care quality is uneven in the United States. Between 12 and 14 percent of children are in environments that promote their growth and learning; another 12 to 21 percent are in environments that are potentially harmful. The remainder of children are in care that is of mediocre quality--the children are safe, but there is little learning. More than one-third of infants and toddlers are in care that is potentially harmful.

Several recent studies have shown that it is possible to improve quality in ways that can affect children's development. For example, a recent study in Florida has shown that lowering child to staff ratios and increasing teachers' educational requirements have improved children's cognitive, social, and emotional development.16

One area that is of particular concern is the labor market for child care workers. According to the Center for the Child Care Workforce, the median hourly earnings of child care workers in 1996 was only about $6, and about $8 for preschool teachers. Earnings for family child care providers appear to be even lower.17 Perhaps because of these low wages, turnover is also very high; about one-third of child care workers leave their jobs every year.18 There is also evidence that child care workers receive little return for training and education, reducing the incentive to improve their skills.19 Together, all of these factors suggest that the labor market for child care workers can be an impediment to quality care.

Improving provider education and training and reducing the level of turnover are direct ways to improve the quality of child care. As noted previously, however, the price of care is a financial burden for many families. Many parents who would like to purchase quality care may be unable to afford it. An indirect, but equally important way, to improve the quality of care children receive is to give parents the financial ability to purchase the type of care that best suits their needs. Programs to make care more affordable permit parents to purchase higher quality care.

Quality concerns for school-age care focus more on learning and actively engaging children in enrichment activities. Quality after-school programs can boost learning and achievement for children; poor programs can actually be detrimental.

III. Other Concerns

Parents are also concerned about providing backup care when their regular provider is unavailable or their child is sick. Parents may also need to make alternative child care arrangements for older children before or after school or when schools are closed.

Parents may also be unaware of how to obtain child care in their area. Information on providers is not often readily available, and finding child care can be time-consuming. Parents may also be unsure about what qualities to look for in selecting a provider and how to measure the quality of care that their children receive. One way to address this is through child care resource and referral programs, which we will discuss later.

THE ECONOMICS OF CHILD CARE

Child care is a significant economic issue for a number of reasons, including the effects of child care on employee productivity; labor force trends, particularly the dramatic increase in the number of working women; the effects of child care costs on labor supply. Because of these and other factors, many employers have come to recognize the benefits of providing child care assistance for their workers.

I. Impact on Employee Behavior

While evaluations of the effects of corporate child care programs on employee productivity are scarce, surveys and other measures suggest that investment in child care can benefit the bottom line. Child care problems can have significant effects on productivity; a 1997 study found that more than one in four employed parents with children under the age of 13 had experienced a problem with their usual child care arrangement in the previous three months.20

Many companies have discovered significant gains from child care programs. The new Families and Work Institute survey shows that more than two-thirds of companies that have formally evaluated child care and flexible work programs find that they have net benefits or are cost-neutral. A 1995 Conference Board survey also found that many companies believe that there are substantial benefits from offering child care services:

- 62 percent of respondents reported higher morale;
- 54 percent reported reduced absenteeism;
- 52 percent reported increased productivity; and
- 37 percent reported lower turnover.21

While these surveys do not directly consider the employees' responses to various child care programs (and additional research in this area would be quite valuable), other studies and reports have also pointed out the bottom line benefits of programs to assist working parents.

- Lexis-Nexis reduced operating expenses by more than 45 percent through a telecommuting program and a flexible work environment. Savings came from higher productivity, fewer facilities, greater geographical hiring pools, hiring of people with disabilities, and better use of technology.
- First Tennessee Bank reports reduced turnover costs of more than $1 million annually from family friendly programs, including more flexible scheduling.
- Johnson & Johnson reports savings of more than $4 for every $1 invested in its work-life programs, including child care resource and referral information.

- Lancaster Laboratories has a turnover rate one-half the industry average, in part due to an on-site child care center.

II. Labor Force Trends

Labor force participation rates have increased dramatically for mothers over the past 50 years (Chart 3). In 1947 just over one-quarter of all mothers with children between 6 and 17 years of age were in the labor force, but by 1996 their labor force participation rate had tripled. The increase in the labor force participation of mothers with younger children is similarly dramatic. In 1996 more than half of all mothers whose youngest child was less than 3 years of age were labor force participants, versus only about one-fifth of such mothers in 1965.22

The labor force participation rate of women is expected to continue to rise in the future; by 2005, 6 of 10 women will be in the labor force. *Women are expected to comprise more than 60 percent of new labor force entrants between 1994 and 2005.* The Bureau of Labor Statistics (BLS) projects that female labor force participation of women will grow at double the rate for men over that period.23 In particular, women of childbearing age (15-44) are an increasing share of the labor force; they now account for 3 in 10 workers, up from 2 in 10 in 1961.24

The increase in the proportion of families with children headed by single women has also expanded families' child care needs (Chart 4). In 1995, more than one-quarter of families with children were headed by a single mother, up from less than 1 in 10 in 1960.25 Many of these mothers require some form of child care while they are working to support their families. This trend is likely to continue with the implementation of welfare reform. A recent study from the National Conference of State Legislatures found that lack of access to child care can be a serious impediment to work for single parents leaving welfare.

III. Child Care Costs

There is substantial literature in economics studying the effects of child care costs on labor supply. Although the studies use different statistical techniques and data sets, nearly all find that *reducing child care costs reduces labor market barriers for parents who want or need to work.* These studies find that a 10 percent reduction in the price of care increases the probability that a married mother will work by 2 to 8 percent. These studies find little effect of child care costs on the number of hours worked, however, given that the mother is already in the labor force.

Parents choose from a variety of types of child care, including paid and unpaid care (such as care provided by a relative). Studies find that in areas with lower prices of care, working mothers are more likely to use paid care. Substitution of paid for unpaid care is particularly likely to occur as the price of paid care decreases because parents tend to be more dissatisfied with unpaid care than paid care.26

BEST PRACTICES AND NEW FINDINGS

There are a number of options available to companies interested in promoting employee access to affordable, high quality child care. While some, such as on-site care or after-school programs, may represent a substantial financial investment, others have much smaller costs. This section briefly discusses some types of child care initiatives that companies have undertaken, and provides specific examples. It also offers examples of small and medium-sized businesses that have discovered benefits from investing in child care programs.

A New Survey of Businesses

Earlier this year, the Families and Work Institute conducted a survey to study the effect of family friendly policies on the bottom line. This survey of 1,109 employers of 100 or more employees is the first to use a *randomly selected sample* of businesses.27 It looks at family friendly policies, including child care, flexible work schedules, and leave for new parents. The interviewers spoke with human resource officials responsible for work-family programs, and the results therefore represent the employer perspective on the effects of these programs.

The firms surveyed represent a wide variety of sizes and industries (Charts 5 and 6). Many of the firms are small and medium-sized; one-fifth had fewer than 1,000 employees.28 About half of the employees of the firms interviewed are female, slightly more than half are hourly employees, and about 15 percent are unionized.

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The Families and Work Institute survey found substantial benefits for companies that invest in child care programs.29 Of those firms that have conducted formal evaluations of their programs, more than half (56 percent) find that benefits from the programs are greater than costs, and another fifth report that the programs are cost-neutral. For companies that have not formally evaluated their child care programs, one-third believe that the benefits of the programs exceed costs, and another one-third believe that the programs are cost-neutral.

According to the survey, employers offer a number of different reasons for investing in family friendly policies. The most common reasons given are:

- to retain employees in general (19 percent);
- to help employees balance work and family life (10 percent); and
- to improve employee morale (9 percent).

Other reasons employers institute work family programs are in response to employee requests, to increase productivity, to retain highly skilled employees, and because it is "the right thing to do."

When asked the main business obstacle in implementing these programs, almost one-third cite cost; the second-most common obstacle is administrative hassles (11 percent). Other business obstacles include competitive pressures, difficulty in supervising workers, and a belief that the programs are not cost-effective.

I. Resource and Referral Programs

Employers can form partnerships with child care resource and referral agencies (CCR&Rs) as a low-cost way to provide employees with a starting point for information on child care programs. CCR&Rs provide information to parents about child care, including information about local providers, the elements of high quality care, and advice on selecting a child care provider. The exact functions of a CCR&R agency vary, but in addition to providing parents with information, many agencies provide community planning, recruit and train providers, and maintain a database of child care services. In 1994, CCR&Rs helped 1.5 million families find child care.30

In addition, CCR&Rs help employers implement and evaluate family-friendly workplace policies, particularly support for child care. With their child care expertise and knowledge of community needs, CCR&Rs serve as a valuable resource to employers who are working to support child care. The Families and Work Institute survey finds that child care resource and referral is a very popular benefit offered to employees. More than half (55 percent) of the businesses surveyed offer access to information to help employees locate child care in their community. However, employee access to child care resource and referral depends in large part on the size of the employer. The largest companies are more than twice as likely to offer access to information on locating child care services as the smallest companies.

Employers and CCR&Rs cooperate in four main areas:

- **Employee Assistance.** Corporations contract with CCR&Rs to provide consultation and referral services as a benefit for their employees.

- **Resource Development.** Employers work with CCR&Rs to increase the supply of child care in the community that meets the specific needs of the workforce. For example, CCR&Rs funded by Levi Strauss in Fayetteville, Arkansas work to increase the supply of infant care for Spanish-speaking families.

- **Quality Improvement.** CCR&Rs are involved with major national initiatives, such as the American Business Collaboration (ABC) for Quality Dependent Care, where they facilitate training for child care workers in more than 75 percent of communities involved. CCR&Rs also assist local efforts to improve care, such as Corporate Hands, a Houston employer collaboration, and a consortium of public and private employers in Auburn and Opelika, Alabama.

- **Data.** CCR&R data on the supply of care, identified gaps, and assessment of needs provide valuable tools for businesses both as employers and local corporate citizens.

Some CCR&Rs are community-based; these are generally non-profit organizations that provide services in a particular community. There are approximately 500 community-based CCR&Rs nationwide, and many are part of statewide networks.31 A list of state resource and referral networks is included in the Resources section of this report. Other CCR&Rs offer services nationwide to various companies under contract, and are often for-profit companies.32

ChildNet, State of Iowa

Through the statewide Child Care Resource and Referral system, Iowa has greatly expanded private sector involvement in meeting child care needs. ChildNet, a cooperative partnership between businesses and community-based child care resource and referral agencies, helps expand the supply of child care while providing comprehensive child care options to employers to help address absenteeism, productivity, and retention of employees. More than 40 employers support ChildNet, providing enhanced services to nearly 20,000 employees.

Johnson & Johnson

Johnson & Johnson offers child care consultation and referral through its LifeWorks program. LifeWorks helps Johnson & Johnson employees find and recognize quality child care (including backup care), locate appropriate care for school-age children after school, plan for maternity/paternity leave and return, and adoption. LifeWorks is managed by WFD (formerly Work/Family Directions), a national consulting firm.

Overall, a WFD evaluation found that Johnson & Johnson saved more than $4 in increased productivity for every $1 invested in the LifeWorks program.

LifeWorks also includes an elder care referral service and educational components, but more than half of all LifeWorks consultations, referrals, and requests for educational materials are for child care-related issues. About one-fifth of J&J employees used LifeWorks in 1997, and 60 percent of participants said the program strengthened their commitment to the company. The program is also used by a broad section of employees: almost one-quarter had household incomes of less than $50,000.

An evaluation of the LifeWorks program found benefits to both Johnson & Johnson and its employees who used the program:

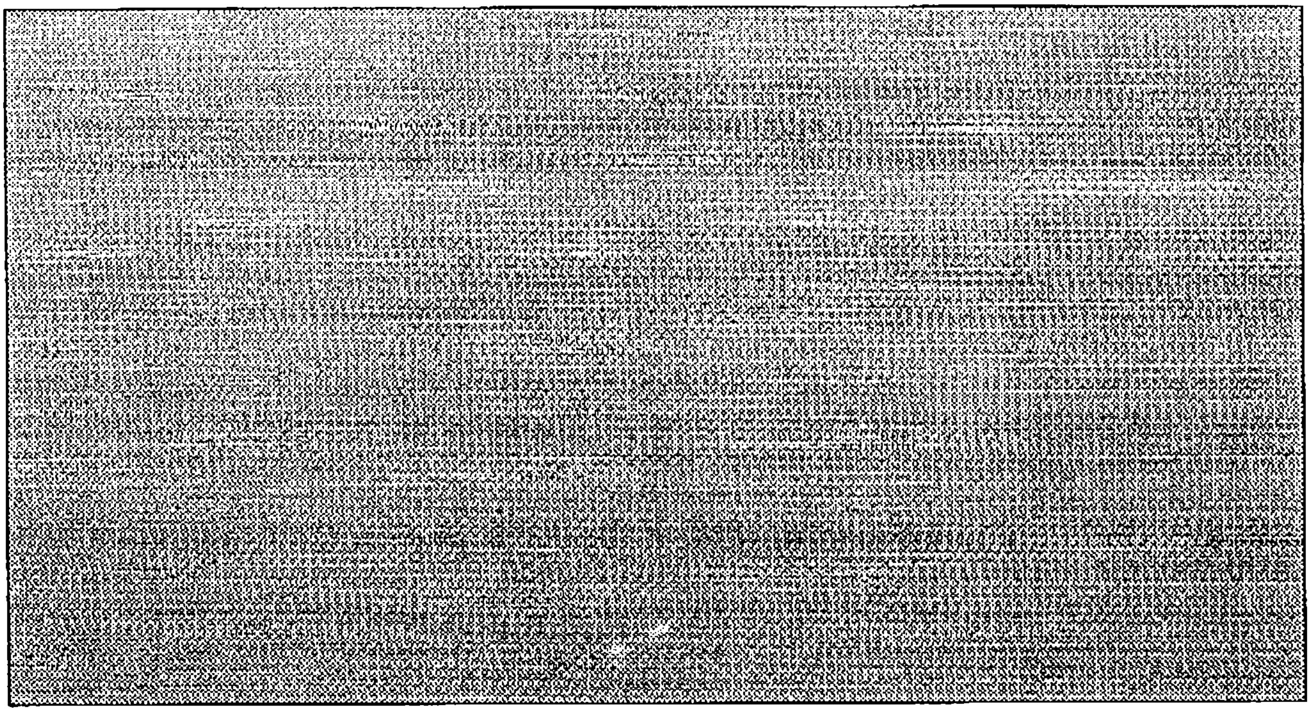
- More than one-half of the employees who used LifeWorks said it helped them be more productive at work;
- One-quarter reported that there were fewer days when they arrived late or left early;
- One-quarter also reported that they took fewer days off; and
- Employees saved, on average, 14 hours each time they used the service. This is time they would have personally had to spend researching child care providers, for example.

II. Workplace Flexibilities

One way employers can help their employees with child care concerns is through flexible workplace policies. There are many ways in which businesses can make their workplace more flexible for working parents.

- **Parental Leave.** Firms may not want to lose valuable workers who would otherwise leave their job to stay at home with their child. One solution is extended maternity or paternity leave. Parents can stay at home for an agreed upon time, then return to the same (or comparable) job. The leave can be either paid or unpaid. The firm is able to retain the worker, and the worker does not need to start over in a new job.33
- **Telecommuting.** Some parents whose job does not require them to be physically in an office can work from home. In most cases, someone else must still care for the child, but the parent can spend breaks with the child and deal with child care problems much more easily and efficiently.
- **Job Sharing.** Parents who want to continue to work but spend more time with their child can share jobs. For example, instead of one full-time worker, two workers can each work three days a week.
- **Compressed Work Schedule.** With a compressed work schedule, a normal work week is compressed into fewer than five full days by expanding the number of hours per day.
- **Flex Time.** Flex time lets workers set their arrival and departure times, within specified time periods. For example, a father who wants to be home when his children return from school could agree to come in earlier in the morning and leave in time to meet his kids.

Since the Family and Medical Leave Act was enacted in 1993, at least fifteen million Americans have taken FMLA-covered leave. FMLA allows eligible employees to take up to 12 weeks unpaid, job-protected leave to care for a newborn or adopted child, to attend to their own serious health needs, or to care for a seriously ill parent, child or spouse. Forty percent of all workers think they will need to take leave for a covered reason at some time in the next five years, according to a report from the bipartisan Commission on Leave. Many businesses, however, have leave policies that go beyond what is required by law.



The new Families and Work Institute survey found that a substantial number of companies provided employee flexibility in work scheduling.

- Almost three-quarters of firms allow workers to periodically change the time of day they start and end work, and about one-quarter allow workers to change starting and ending times on a daily basis.

- Sixty percent of firms allow workers to move between full-time and part-time work, while remaining at the same position (or level).

- Almost one-half of the employers let employees share jobs, and more than 45 percent allow workers to compress their workweek by working longer hours on fewer days.

- More than two-thirds of employers allow employees to work at home occasionally, and almost one-half allow employees to work at home on a regular basis.

- More than three-quarters of employers allow new parents to return to work gradually after childbirth or adoption.

The size of the company makes little difference in whether employees have flexibility in scheduling work. The only areas where there are sizeable differences by firm size are in job sharing and compressed workweeks, where the largest firms are about 50 percent more likely to offer these options than the smallest.

- Of those companies that have done formal evaluations of their flexible scheduling programs, one-third find that benefits exceed costs, and another one-third find that the programs are cost-neutral.

- Of those companies that have not formally evaluated their programs, almost one-half believe that flexible scheduling programs provide benefits greater than costs, and another 29 percent believe they are cost-neutral.

Many of the companies surveyed also offer more leave for new parents than required under the Family and Medical Leave Act. New mothers often receive pay after giving birth, often as part of a temporary disability benefit. However, only one in ten new fathers have access to paid leave.

- Of those companies that have conducted a quantitative evaluation of leave programs, almost one-half find that the benefits outweigh the costs. Another 19 percent find that the programs are cost-neutral.

- Of those companies that have not conducted formal evaluations, 45 percent of human resource officials surveyed believe that the benefits of family leave programs outweigh the costs; another third believe that the programs are cost-neutral.

Salomon Smith Barney

Salomon Smith Barney offers employees a choice of alternate work arrangements, including flextime, job sharing, and telecommuting. The purpose is to retain well-performing employees by helping them balance work and personal life.

Salomon Smith Barney views these alternate arrangements as a privilege and not a right. Employees must have at least one year of service and a strong performance record. The worker requests the alternative work arrangement from his or her manager, who evaluates the request, taking into account the cost of the alternate arrangement and schedule coordination. The manager also makes sure that alternate work arrangements are used consistently and fairly. If the manager approves the request, he or she notifies the Benefits Committee, which ensures that all the necessary issues have been addressed and any necessary human resource changes are made. All alternate work arrangements are reassessed after implementation to evaluate their effectiveness. Informal evaluations have found the program very useful in retaining valuable employees and helping workers meet their obligations to both their families and the firm.

FirstBank of Colorado

FirstBank of Colorado established its reduced hours program in 1989 to provide workers the flexibility to both maintain a career and raise a family. Staff-level employees have always been able to work part-time, but the program established in 1989 also applies to officers. These officers must have a minimum of three years of service, be the primary caregiver of a child under age seven, and be able to work at least 28 hours a week. The participating office and the bank president agree on job responsibilities and work schedule. Arrangements are reviewed annually to ensure the arrangement is mutually beneficial to both the employee and the bank.

III. Public-Private Partnerships

Businesses across the country often join with the public sector to support child care. Through these partnerships, at both state and local levels, companies improve child care not only for their own employees, but for children and families in the broader communities as well. Such initiatives promote the quality, affordability, and availability of child care for all families, including low-income working families. Businesses have the resources and a strong interest in affordable, quality care, while government, resource and referral, and community agencies have the skills, expertise, and information needed to identify problems and avoid unnecessary duplication.

Public-private partnerships not only help children and their families, but also benefit the business community. The private sector can invest resources that increase the supply and improve the quality of child care services, provide advice to the child care community about the tax code, management practices, marketing, human resource policies, and other issues; and examine child care needs and recommend improvements from a business perspective. By supporting child care, the private sector can reduce absenteeism, increase productivity, and make it easier to attract and retain employees. In the long-run, the businesses improve the education and development of children who will be potential employees in the future.

Types of public-private partnerships include:

- **Child Care Investment Fund.** Companies contribute resources to a fund which can be used to address a range of issues, including affordability and quality.

- **Loans to Child Care Providers.** A multi-bank community development fund can provide loans and business assistance to child care providers. States and communities have worked with both child care providers and financial institutions to encourage loans to child care programs in accordance with the Community Reinvestment Act, which requires banks and savings institutions to address the credit needs of their communities.

- **Child Care Business Commission.** A commission of business and child care leaders can increase business support for child care and implement specific recommendations.

- **Model Planning and Zoning Programs.** Communities can remove planning and zoning obstacles in establishing child care facilities. They can also provide incentives to increase support for child care facilities among real estate planners and developers.

More than one-half of the companies surveyed by the Families and Work Institute report that they are involved in child care partnerships with state or local governments, and 16 percent offer financial support for child care in their communities through a fund or corporate contributions.

State of Colorado

Governor Roy Romer appointed corporate leaders to the Colorado Business Commission on Child Care Financing in May 1995 to examine child care from a business perspective and propose methods to help finance high quality, affordable, and accessible child care. The Commission met with other business representatives, child care providers, child development experts, and state and local leaders to develop a long-range funding plan for early childhood education. The Commission's recommendations led to the passage of several legislative initiatives, including an ongoing Commission to work toward implementation of the reforms suggested in the Commission's report. Other Commission recommendations included starting a multi-bank community development corporation to provide loans and other financial assistance to child care providers, and establishing a model planning and zoning program to increase the supply of child care.

The Commission, together with Bright Beginnings (a non-governmental private-public partnership designed to improve the lives of children from birth to age three), released a 45-page report on family friendly policies, listing the benefits of such policies and concrete steps businesses can take to implement these policies. The report also provides a work and family needs assessment survey and a list of resources that Colorado businesses can use in implementing family friendly policies.

State of Florida

In 1996, Florida passed legislation aimed at encouraging public-private partnerships to provide child care benefits. In fiscal year 1997-98 the state legislature allocated $4 million for the program, and more than $3 million has been raised from businesses so far. Communities wishing to participate must establish a local task force, with a majority of members representing employers, but parents must also play a role. The task force is responsible for developing a plan of action. Participating communities commit to matching state funds on a dollar-for-dollar basis with local matching funds from employers, local governments, and charitable foundations.

Employers may participate by contributing funds to cover a portion of child care costs for their own low-income employees eligible for subsidized child care. Alternatively, employers, foundations, and local governments can contribute to a general Child Care Purchasing Pool that serves children from low-income families in the community. In either case, the state contributes a dollar-for-dollar match, and parents pay a sliding scale fee.

At the state level, Governor Lawton Chiles appointed a Child Care Executive Committee, comprised of business leaders, to increase the involvement of private industry in the subsidized child care system. The Committee also assists in the development of child care policy and provides an annual report to the governor and state legislature.

State of North Carolina

North Carolina's Smart Start initiative, launched by Governor Jim Hunt in 19XX, aims to provide every child with access to quality and affordable child care, health care, and other support services. In each participating county, public and private sector leaders join together to develop a plan that assesses community needs, develops a shared vision, and provides for joint funding of needed early childhood services, including child care.

Through a competitive grant application process, interested counties submit plans for approval to the North Carolina Partnership for Children--a nonprofit organization which oversees and provides guidance to local Smart Start partnerships. Once its plan is approved, each county partnership provides an array of Smart Start services. About 30 percent of funds are used to assist families in purchasing child care. Subsidies may be used for care in any legally operating child care center or family child care home which parents choose. Communities also work to increase the number of children that child care providers can serve; improve the quality of child care; promote the inclusion of children with disabilities; and provide education and support for child care workers.

Under state law, the North Carolina Partnership for Children and the local partnerships are required to match 10 percent of the state appropriation (no more than half of the match can be in-kind contributions). In 1996 the total state allocation was about $70 million. That same year the North Carolina Partnership for Children received almost $10 million in contributions from businesses, and local partnerships received an additional $5 million in financial and in-kind contributions.

IV. Corporate Partnerships

Another way that businesses work together to promote child care is through corporate partnerships. For example, a number of businesses can jointly fund a child care center. Or businesses can lead community efforts to improve the quality of care and train providers.

American Business Collaboration for Quality Dependent Care and Work Family Directions

Through the American Business Collaboration for Quality Dependent Care (ABC), some 156 businesses (including 22 of the nation's largest corporations), governmental entities, and not-for-profit organizations have invested more than $27 million in 45 communities in 25 states and the District of Columbia. This funding has supported 355 dependent care projects used by more than 277,000 individuals, including dependents of employees and community residents. The consulting firm Work Family Directions (WFD) manages the funding resources of the Collaboration and provides technical assistance to support many different kinds of activities. ABC is committed to investing an additional $100 million in targeted communities over the next six years.

More than 100 new projects are already underway; examples of ABC programs include:

- $1.2 million to provide on-site training for staff and directors at 185 child care centers over a 12- to 18-month period in Atlanta, Dallas, Washington DC, Tampa, and the Mid-Hudson Valley region in New York.

- Almost $700,000 to expand a national program to support the professional development of early childhood teachers through intensive training and mentoring programs in Colorado, Florida, Illinois, and New York.

- More than $1.5 million to provide technical assistance, on-site consultation, and small grants for more than 425 child care centers in 30 communities across the country. The funds will enable center directors to make quality improvements leading to accreditation.

Western New York Family Care Consortium

In 1996, United Auto Workers (UAW) members at a General Motors plant in Tonawanda, New York talked with GM management about problems in finding quality child care that fit their scheduling needs. In response, GM and other employers in the Buffalo area surveyed their employees about child care and found a number of problems. Almost half of the workers cited child care as a reason they could not work overtime, and more than one-third missed 2 to 4 days of work over a 3-month period because of child care problems. In response, UAW-General Motors and UAW-American Axle, along with area employers DuPont and Praxair, founded the Tonawanda Business Community Childcare Consortium.

In 1998 UAW-Delphi Thermal Systems joined the Consortium, bringing the current employee base to more than 13,000 area workers. Now known as the Western New York Family Care Consortium, the program is managed by Childcare Network, Inc. Consortium services include:

- "Just for Kids," which provides care for school children before and after school (opening at 5:30 AM) and during school holidays at three sites, as well as a half day program for children in kindergarten. Member families receive priority enrollment and pay reduced fees.

- "Just Like Home," an extended hours child care center near the worksite for children ages 6 weeks to 12 years; the center meets the needs of second shift workers by staying open until 2 AM. Member families receive priority enrollment and discounted fees.

- "Just in Case," an emergency backup telephone network to connect parents with providers when their usual child care arrangements are interrupted. Enrollment is free for UAW members; others pay $15 to register, with $5 for each additional child.

- The Consortium also provided training to more than 160 local child care providers in 1997, and has helped two area child care centers receive accreditation from the National

Association for the Education of Young Children.

V. On-Site Child Care

Perhaps the first thing employers think of when they hear about child care assistance is on-site care, where a child care center operates on company property. On-site centers allow the employer control over quality, and are often accredited by private organizations that evaluate child care quality.

On-site centers are often operated by outside contractors with experience in managing child care centers. Companies subsidize on-site centers in various ways. Some employers pay for the construction and maintenance of a center, with parental fees covering the cost of operations, while others provide operating subsidies, effectively lowering costs for all users, or offer subsidies specifically to lower-income employees. Child care slots are generally reserved for company employees, but if the on-site center is not full, services can be offered to other parents in the community.

A 1998 study estimates that there are currently more than 8,000 on-site centers in the U.S., sponsored by firms of all sizes. The Families and Work Institute survey found that one-fifth of firms offer on-site or near-site child care. A number of firms offering on-site care had fewer than 500 employees; these firms typically worked with other small firms to jointly operate centers. Overall, 16 percent of the on-site centers had more than one corporate sponsor.34

A 1997 study of users of on-site care found beneficial effects for both employers and employees.35

- With on-site care, parents have less need to take time off because of child care emergencies, increasing attendance and productivity.

- On-site centers play an important role in attracting quality employees and increasing retention.

- On-site centers are convenient, eliminating the need for extra trips to the baby sitter or child care center, reducing commuting time and stress.

- Working parents can visit their children during lunch or breaks; this additional time can also reassure parents about the quality of care that their children are receiving.

- On-site centers demonstrate a company's commitment to employees, creating greater employee loyalty.

SC Johnson Wax

The Johnson Wax Child Care Center (CCC), located at company headquarters in Racine, WI, serves 250 children, providing full and half-day care for children ages newborn through 6 years.

The center also offers full day kindergarten, as well as before- and after-school care and a summer day camp for older children. The CCC is managed by Corporate Family Solutions, a national child care provider, and the center is accredited by the National Association for the Education of Young Children.

The CCC originally started in rented space in a church, but in 1991 moved to a state-of-the-art facility on the company's park and fitness center grounds. SC Johnson Wax paid for the construction of the facility and also provides maintenance; this allows CCC to keep costs low. In addition, families with incomes below $60,0000 pay reduced fees.

Lancaster Laboratories

In 1986 Lancaster Laboratories in XXX had 150 employees, but in a tight labor market was losing skilled workers who left after giving birth. The staff was young and largely female (62 percent), and an employee survey found that many workers were planning to start a family within the next five years. However, a good proportion of those wanted to continue their professional careers, provided they could find a good child care solution. Lancaster Laboratories responded by opening an on-site child care center.

Lancaster Laboratories now has 600 employees, and 166 children are enrolled in the child care center, including two state-approved kindergarten classes. The on-site Family Center also includes a summer camp for school-age children and an adult day care center for older family members. The child care center is operated by Hildebrant Learning Center, which provides monthly reports to Lancaster Laboratories on program use, budget, and effectiveness. In addition, Lancaster Laboratories also has a generous parental leave policy that exceeds the standards of the Family and Medical Leave Act.

Since the company opened the child care center in 1986, *94 percent of new mothers have returned to the company*, and most are back at work within three months after giving birth. Annual turnover is only 8 percent, less than half the industry average, especially important for a company that needs to retain skilled scientists. Lancaster Laboratories also has an important edge in recruiting new employees, and the programs attract childless employees who like the company's family friendly policies.

VI. Off-Site Care

There are a number of options for companies that want to help their employees with child care but do not want to offer on-site care. Some employers help operate and/or fund centers near the place of business (near-site) or in the community. These centers can be collaborative, involving a number of sponsoring employers, or community-based. Other companies make arrangements with off-site centers so that employees have the first opportunity at available slots, and firms can also subsidize off-site care with a provider the employee chooses.

Off-site care offers a number of advantages:

- **Employee Choice.** Subsidies for off-site care allow workers to choose the child care provider that works best for them. Off-site programs benefit employees who use child care closer to home or near the workplace of other family members, or who have unusual schedules. These factors may be especially important for firms with flexible scheduling, telecommuting, and mobile workers.

- **Flexibility.** Off-site care programs allow companies to provide services to workers when companies have multiple worksites or employees are geographically dispersed.

- **Space Issues.** Building space or property is not diverted for child care use when it may be needed for other purposes. Many companies believe that their premises should be for business use only.

- **Leadership and Corporate Citizenship.** By supporting local off-site efforts, companies reinforce their corporate citizenship and leadership roles in the community. Off-site care not only meets the needs of employees, but also helps other employers assist their workers and helps build the overall community tax base.

In addition to the 20 percent of firms that offer on-site or near-site care, the Families and Work Institute survey found that 8 percent of employers offer direct subsidies for child care, such as vouchers.

Katonah, New York

IBM joined with PepsiCo to develop one of the first child care centers in Northern Westchester County to serve infants, toddlers, and preschoolers in the same setting. The original project proved so successful that the two companies provided additional funding for the continued development of the property. The center now contains several acres of wooded land, a pond, a barn, trails, and a swimming pool. IBM and PepsiCo also added a summer science and nature program for school-age children. Recently, Texaco and Nynex joined IBM for the next phase of development. This second site offers backup care, care for school-age children, and for children for who are too sick to use their regular provider, but who do not need to stay at home.

Local 2/Hospitality Industry Child Care and Elder Care Fund, San Francisco

In 1994, the Hotel Employees and Restaurant Employees Union Local 2 and the San Francisco Union Hotels negotiated the Child/Elder Care plan. Employers contribute 15 cents for every qualified-employee hour worked, and the fund has grown to almost $1.5 million since the plan was negotiated. A labor-management committee worked together to design a program to meet the child and elder care needs of Local 2 workers. In particular, the committee had to address the needs of hotel employees, many of whom work nights or weekends and require care at odd hours.

The fund provides reimbursement to union members in four areas: newborn care; child care for children ages 1 to 14; subsidies for youth programs, such as after-school programs, classes, and summer camp; and elder care. Workers receive a subsidy of $125 per month for newborn care, and $60-$100 per month for child care, with higher reimbursement for licensed care. Parents are free to select the child care provider that best fits their needs, and then use the subsidies to pay for this care. There are a limited number of slots in each of the four reimbursement areas, and assistance is offered on a first-come, first-served basis. In addition, the plan offers free counseling and referral services for child and elder care 24 hours a day, seven days a week.

VII. Backup/Sick Child Care

Although many families choose a method of care that depends on a single provider, such as a family day care provider, relative, babysitter, nanny or stay-at-home spouse, these forms of care are susceptible to last-minute breakdowns. In fact, care is estimated to break down an average of 8 to 12 days per year in these arrangements, such as when a regular provider is ill or on vacation. Employees may need backup child care to supplement their full-time arrangements so that they can come to work when they might otherwise have to call in sick or take a vacation day.

In a 1996 survey of 300 CEOs by Cannon Consulting Group, 72 percent reported that worker absenteeism would be greatly reduced if a company offered on-site or backup child care services. A 1996 study conducted by the Merrill-Palmer Institute found that the annual cost of absenteeism due to child care problems among the companies it surveyed ranged from $66,000 to $3,500,000.

A high quality backup child care alternative can offer support to employees when the regular care provider is unavailable; school is closed; or a parent is returning to work from leave. One provider of backup care has found that the average family using one of its centers will use backup care more than five times a year. In trying circumstances, such as an unexpected loss of a caregiver or the return to work after maternity leave, a parent may use the program 20 times or more in a year.

In addition to backup care, parents may also need sick child care. Sometimes a child is too ill to attend school or go to their regular child care provider, but not ill enough that a parent needs to stay at home. Some employers offer care to address this circumstance. Also, employers may grant time (with or without pay) to employees who need to stay home with a sick child. The Families and Work Institute survey found that 14 percent of employers offer backup or emergency child care, and another 11 percent offer care for sick children of employees.

New York Life

In 1993 New York Life surveyed its approximately 8,000 home office employees to evaluate the employees' needs, including child care. The survey found that New York Life lost more than $400,000 in lost productivity annually from employees calling in sick due to child care responsibilities. In response, the company opened a backup care facility in April 1996. The center is managed for New York Life by ChildrenFirst, a national provider of backup care services.

Children and grandchildren ages 6 months to 13 years are eligible, and more than 400 children are registered for the center--these are children who can use the center if backup care is needed. Total utilization in 1997 was 2000 spaces.

A survey of employees who had registered children for the center found benefits both to New York Life and its employees.

- The center has directly helped 79 employees avoid calling in sick a total of 388 times, saving New York Life approximately $84,000 in lost productivity. This figure includes only those parents and grandparents who responded to the survey; total savings may be higher.

- Based on experience, 99 percent of respondents would recommend the backup care center to co-workers.

Eli Lilly

At Eli Lilly's Tippecanoe Laboratories in Lafayette, Indiana, employees can take their sick children to the U.B.O.K. Sick Child Care Center at St. Elizabeth's Medical Center. In partnership with St. Elizabeth's, Eli Lilly provides sick child care spaces at U.B.O.K. at a discounted fee. U.B.O.K. is open 7 days a week, 24 hours a day, and is staffed by skilled nursing assistants who care for sick children under the age of 14. Eli Lilly is also working with state government, other Indiana companies, and the Purdue University Center for Families in a public-private partnership to address the need for care throughout the state.

In addition, Eli Lilly provides employees with eight days of flexible paid time off per calendar year for illness in the family. If a worker needs additional time to care for an ill family member, the employee's supervisor and human resources representative can evaluate the situation and authorize additional paid days off.

VII. Out-of-School Time

Many children can benefit from extra learning time, enrichment, and recreation after school and during weekends, summers, and holidays. Providing these opportunities, while important to any parent, can be especially important for employed parents, reducing work absences and increasing retention rates. A 1994 survey of parents found that 56 percent believe that children are left alone too much after school.36 A 1997 survey shows that parents would like after-school programs that offer computer skills, art, music, and drama, recreation, and public service.37

In 1995 there were 23.5 million school-aged children with parents in the workforce, but the vast majority (over 20 million) did not have a supervised environment to go to after their day was over.38 Yet this is exactly the time of day when young children and teenagers need supervision.

According to data from the Federal Bureau of Investigation, youth between the ages of 12 and 17 are most at risk of committing violent acts and being victims of violent crime between 3:00 p.m. and 8:00 p.m.--when they are not in school.39

While some businesses are developing and implementing after-school programs, especially for children of their employees, such programs are not widespread. The Families and Work Institute survey found that about 10 percent of employers offer care for school-age children during vacations. Again, availability of this benefit often depends on the size of the company; the largest employers are more than twice as likely to offer care for school-age children during vacations as the smallest firms surveyed.

John Hancock Financial Services

John Hancock offers a comprehensive work/family program to its employees, ranging from flexible work arrangements to on-site child care. One of its unique programs is Kids-to-Go, which provides supervised activities and field trips for children, ages 6-14, from 7:30 a.m. to 4:30 p.m. during school holidays. Fifty children attend the program, staffed by a nonprofit social agency. The company initiated this program in response to an employee survey citing work/family issues as a major cause of concern to its employees. John Hancock estimates a payback of $4.17 for every dollar invested in family-friendly policies and programs, including Kids-to-Go, through increased performance and retention, stress reduction, and reduced absenteeism.

Hewlett-Packard

Recognizing that employees' schedules can make it difficult to keep in contact with their children during the school day, Hewlett-Packard, the California computer corporation, teamed up with the Santa Rosa City School District to establish the first work-site public school on the West Coast. The Hidden Valley Satellite School, a branch of the Hidden Valley Elementary School one mile away, is adjacent to the company's Santa Rosa plant. Hewlett-Packard employees have priority registration for the school, and more than 75 percent of the students' parents are Hewlett-Packard employees.

The company's flextime policy enables its employees to take advantage of their proximity to the school by visiting their children during the day. Teachers report that parental participation is higher than they have seen at other schools, especially among fathers. Hewlett-Packard employees often join their children for lunch. The Hidden Valley Satellite School also encourages parents to volunteer in the classroom, and teachers work with parents to determine the best type of help for each class. Parents serve as teachers' aides, help children with projects, and even provide hands-on instruction in subjects like math and science.

IX. Small and Medium-Sized Businesses

Many of the policies discussed above are applicable to small and medium-sized business. For example, community-based child care resource and referral agencies can provide information to employees of small businesses, and small businesses can also participate in public-private partnerships. Small businesses can also arrange with off-site child care centers to reserve slots for employees. Another option is child care consortiums, where employers work together to sponsor child care.

Flexible work arrangements may be easier to arrange in a small firm. The Families and Work Institute survey finds that many smaller companies (100 to 499 employees) have such programs in place. More than two-thirds allow workers to periodically change the time they begin and end the day, and one-quarter allow this on a daily basis. More than one-half allow employees to move from full-time to part-time work and back, staying in the same position; more than one-third allow job sharing; one-third allow compressed workweeks; and one-half permit employees to occasionally work at home.

- Almost one-half of these smaller companies that have performed formal evaluations of flexible work arrangements find that the benefits exceed costs, and another quarter find that they are cost-neutral.

- In smaller firms that have not done formal evaluations, more than two-thirds of human resource managers believe that either the benefits of these programs exceed costs or they are cost-neutral.

Smaller firms offer less in terms of access to child care, however. Less than one-third of these smaller companies offer access to information to help locate child care. Less than ten percent of these firms offer on-site or near-site care, child care subsidies, backup care, sick child care, or care during school vacations. Although smaller firms in many cases may not have the resources to provide on-site child care assistance, a look at best practices indicates that there are arrangements, particularly corporate and public-private partnerships, that work for -- and may be underutilized by -- small and medium-sized firms.

New Berlin Child Care Center, Inc.

In 1988 three employees left A&A Manufacturing, a business of 200 workers in New Berlin, Wisconsin, because they were unable to find adequate child care. A&A discussed this with other small businesses in the New Berlin Industrial Park, and they realized that access to child care was an important issue in retaining skilled employees. None of the employers could individually afford to support a child care center; however, the businesses together, with other contributions, were able to raise enough funds to build a child care center in the industrial park.

The New Berlin Child Care Center opened in 1992. Today, it is a cooperative effort serving 210 children, involving more than 80 businesses and the city of New Berlin. The center is accredited by the National Association for the Education of Young Children, and features a full-day kindergarten. It is governed by a non-profit corporation with a volunteer board of directors and managed by Bright Horizons Children's Centers, Inc., a for-profit company that specializes in employer-supported child care centers.

Most of the businesses that sponsor the center have fewer than 100 employees, and some are as small as two or three workers. Employees of sponsoring companies receive priority when an opening occurs, but parents are responsible for fees. The center has proven very effective in allowing employers to retain existing employees that might otherwise have left to care for their children. New Berlin Child Care Center estimates that at any one time, the center helps up to 150 workers remain at their jobs. In fact, the New Berlin Child Care Center has been so successful that it is expanding to meet the needs of the many children on the waiting list.

Lost Arrow/Patagonia

Lost Arrow is the parent company of Patagonia, a clothing designer, and other smaller subsidiaries. The Ventura, California-based company employs about 600 workers. Its Work-Family Program started in 1984 with an on-site child care center; now Lost Arrow also offers a generous leave policy, flexible work scheduling, subsidized off-site care, and a child care resource and referral program. Lost Arrow also supplies training and financial support for licensed child care providers who serve children of employees.

New parents, including those who adopt, are entitled to eight weeks of paid leave, plus an additional eight weeks of unpaid leave; in addition, Lost Arrow provides financial aid towards adoption costs. The company also offers on-site child care and covers 40 percent of the cost, with parental fees covering the remainder. Lost Arrow also offers employees subsidies for off-site care.

The generous leave and child care policies help keep turnover costs low; the company estimates that it costs $50,000 to train a new worker. A Lost Arrow evaluation found that over a two-year period the Work-Family Program has more than recovered its cost of $585,000, producing net benefits of about $4,000. This savings come in large part from lower turnover. Other benefits Lost Arrow cites from its Work-Family Program include increased employee morale, increased productivity, reduced absenteeism, and enhanced recruitment.

WHAT TO DO NEXT

If you are the CEO or a human resources official at a company that does not currently provide child care assistance, hopefully this report has given you some ideas about how to benefit both your company and your employees by investing in child care. If you are an employer that does provide child care assistance, you might encourage discussing the benefits of your programs with other businesses. If you are an employee, you can give this report to your employer as an example of what other businesses are doing to support their employees' access to high quality child care. The "Resources" section of this report is an excellent place to start if you are interested in finding out more about implementing child care programs in the workplace.

Here are several steps employers can take if they are interested in starting or expanding child care programs. Many of these have been recommended by the Child Care Action Campaign.

- Conduct a survey of employees to identify work/family problems and potential solutions. Or more informally, have lunch with your employees and listen to their child care concerns. Ask whether your personnel policies are appropriate in helping balance work and family.

- Call your local resource and referral agency to find out what's most needed in your community, what other employers are doing, and what information and counseling the agency can provide. Use the list of state resource and referral contacts in the "Resources" section of this report, or call Child Care Aware at (800) 424-2246, to locate the resource and referral agency in your area.

- Put child care on the agenda of your next Chamber of Commerce, Business Roundtable, Rotary, or other business organization meeting. Invite a panel of parents, child care providers, resource and referral representatives, and a business owner who is already using child care programs. This is a good way for business leaders on child care to highlight your programs and encourage other businesses to get involved.