DEPARTMENT OF HEALTH & HUMAN SERVICES

Chief of Staff

Washington, D.C. 20201

Re: Childcare

July 17, 2000

MEMORANDUM FOR THURGOOD MARSHALL, JR.

Forwarded herewith is a Memorandum for the President, signed by Secretary Shalala, which transmits stories collected by the Assistant Secretary for Children and Families, Olivia Golden, from parents about the importance of the Administration's Child Care Initiative.

Should you have questions or if I can assist in any other way, please do not hesitate of contact me at 202/690-7431.

Mary Beth Donahue

cc: Bruce Reed
Melanne Verveer

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

JUL 14 2000

MEMORANDUM TO THE PRESIDENT

The Assistant Secretary for Children and Families, Olivia A. Golden, has been traveling around the country talking to parents about child care. In her travels, she has collected stories that reinforce the urgency and the message of your Child Care Initiative. These stories illustrate that without affordable, high quality child care, parents have to make devastating choices between keeping a job that allows them to cover their bills and ensuring that their children are in safe and nurturing care.

I thought that you would appreciate reading their stories and seeing the power and importance of our child care agenda through their eyes. These stories underscore what our data already tell us: that the lack of affordable, high quality child care in the country is one of the most pressing issues facing America's families today.

I appreciate your commitment to this agenda and believe that this Administration could leave no better legacy than the enactment of your child care initiative.

Donna E. Shalala

Enclosures

Des Moines Focus Group 7/8/99

On Thursday, July 8th 1999, Assistant Secretary for the Administration For Children and Families, Olivia Golden, participated in a focus group on child care in Des Moines, Iowa. She started by asking a few questions: What did it take to find child care while you worked? Are there subsidies for you? What happens if you can't get subsidies?

Rhonda	Rhonda is a single parent who has not been able to find a job which pays enough for her to afford quality daycare. She was working nights in order to support her family, but couldn't find night time care. When she did finally find child care she could afford, all seemed that it would work out, but later she was deeply disturbed to find marijuana in the location, and sewage in the basement of the provider. Rhonda quickly changed providers, but found that the new provider was taking care of too many children to provide adequate care for her child. In order to care for her child she had to quit her night job and take a part time position. That way she would be able to work while her kids were in school and yet be there for them when school let out. There was good child care but without subsidies she couldn't afford it.
Rafaela	She had gotten her child in a child care center, however the director of the center resigned and the board members didn't know how to run the center so it closed. She had to find another daycare provider. When she finally found another daycare provider she nearly cried with relief. It was in a church and things were going well but later on the church said it was losing money on the day care operation and so it shut it down.
Carmen	She is a mom who brings home less that $13,000.00 per year. She has the ability to earn more money but she finds that without a subsidy she can not afford the child care that she desperately needs. She works from 2:00 PM to 10:00 PM. She couldn't find a center operating at those hours so she chose an in-home child care provider for her children. Even though she doesn't think that there is enough regulation for in-home care, she feels she has no choice. She has had 5 in-home child care provider placements in the last two years. The first one ended up being abusive. She had gotten their names from a child care referral center, but Iowa is one of the few states that doesn't have mandatory registration for in-home child care providers. She feels that five child care providers is a lot of instability for a 2-year-old to have to handle.
Stephanie	She works two jobs, but she has to watch what she makes. If she earns $1 more she will lose her entire child care subsidy. Without it she couldn't afford child care. She would like to advance in her career and earn more but feels she can't because then she wouldn't be able to afford child care. She

would be worse off than she is now. So she feels stuck.

Belle — She feels that the system doesn't encourage you to get ahead. It's a Catch – 22, because as soon as you earn more you lose your child care subsidies and you can't afford child care so you work less, earn less and then you get child care subsidies again.

Kellie — She is a mom who works 40 hours a week. The father of her children abandoned her and therefore she suffered a grave loss in income. She now makes $94 too much a month to qualify for a child care subsidy. She earns only $450 every two weeks. After she pays her rent and her child's daycare she has virtually no money left. Her bills are juggled every month. One month she can pay electric, the next month she can pay for the phone. Collection agencies call all of the time. It makes her question the merits of working. She asks herself sometimes, "Why not go on welfare?"

Audrey — Her daughter has a night job and can't afford child care, so Audrey, who works days, takes care of her granddaughter at night.

Olivia asked about participant's experiences with care provided by family members. Do people have family nearby? Are they willing & able to provide care? Is that care safe and reliable?

Tasha — Tasha is a single parent of four. She works from 3:00 PM to 11:30 PM. Tasha' mom cared for the children after she [Tasha's mom] got home from work. As soon as Tasha's mom got home Tasha would rush to leave for work. If her mom was caught in a traffic jam on the way home Tasha would be late for her job. She would have loved to stay at home with her kids, but she couldn't afford to because she's a single mom. Tasha also has a minor disability, which makes it hard for her to work. She didn't necessarily feel that her mom was providing a safe place for the kids, so she found a provider. She has children that have special needs. She has found it very hard to find appropriate care for children with special needs. Her supervisor at work is losing patience with her having to leave to deal with day care issues. As of now she has to pay half of her earnings to cover the cost of child care, although she receives a subsidy.

Unknown #1 — Her youngest child has apnea and her oldest needs a nebulizer so she can't find a daycare provider who will take them. So she has to stay at home, though she would like to work.

Unknown #2 — She doesn't have family here [Iowa], and she can't afford daycare. So she is home with the kids.

Unknown #3 — She was doing split shifts with her husband but then her husband and she separated. The split shifts were very stressful. My husband and I spent our whole lives running past each other with the car keys, dropping the kids and the keys off. Now she is a single mom with three kids. She works nights as the night manager for Taco Johns. It is a good paying job, but it is not easy to afford child care on her own.

Stacey — Nations Bank is her employer and it reimburses her for some of her child care costs. Nations Bank decided to do this because employees were having trouble with child care. Nations Bank gives her $300.00 per child being reimbursed.

The Assistant Secretary, Olivia Golden, made her closing remarks:

The fact that you came out after a long hard days work speaks to how important our children are to all of us. Let me try to summarize what I heard.

- I heard about issues of quality. You shouldn't feel alone in dealing with these quality issues. It is our problem as a nation if your child gets to kindergarten unready to learn. And I have heard about the importance of investment in quality through salaries and training
- I've heard a lot about the ability of people to afford care and people stuck in the middle. I've heard stories about choices to not advance in your career, or juggle bills in a way that makes you feel insecure, struggling with split shifts, and kids with disabilities.
- We all have a role to play in addressing this issue: state government, federal government, business, and parents.

Thank you for taking the time to talk to me.
I will remember your stories to tell to others. I will take away with me respect for your guts and courage. I applaud what you're accomplishing.

Note: Karen King of Child Care Resource and Referral of Central Iowa, organized the focus group. Her phone number is (515) 286-3536

Lincoln, Nebraska Focus Group 7/9/99

On Friday, July 9th 1999, Assistant Secretary for the Administration for Children and Families, Olivia Golden, participated in a focus group on child care in Lincoln, Nebraska. She started by asking a few questions: How did you find quality child care that you can afford? Are there child care subsidies for you? What happens if you can't find child care? What do you do?

Mary	She is a mother of four children, 17,15,13 and a three-year old. Her three-year-old is a special needs child. She can't find child care centers equiped enough to meet the needs of her child. Her child needs sign language, but most care providers do not know it. She didn't have trouble placing her other three children in child care. Now her other children alternate between times when they take turns watching the three-year-old. Those paying the highest price for this lack of child care are our children. What can we do?
Carrie	She got a list of care providers from her state agency and when she went to the various locations she found that the child care providers weren't very good. The houses were dirty or they had large animals. "People assume that since we're low-income we don't expect the same quality of child care as others." Luckily she was able to rearrange her work hours so she could be there when her children got out of school.
Amber	She is a single mother of three children, two of whom are infants. She works full time and goes to school at night. She works in a factory and often has trouble with her hours. She can't find child care providers available late or early enough.
Heather	She is a single parent. She is a police officer. She works from 8pm-4am. She got married so that solved her child care problems, but had she not gotten married she couldn't have the job she went to school for. "Our children are just as important as Donald Trump's children. We all want quality, but we don't want to give our entire check to day care."
Melissa	She is a grandmother, she lives with her son and watches his children while he is at work, she works nights and he works days. They never see each other.
Unknown	She is still in high school and people look down on her because she has day care at Lincoln high school
Todd	He has two children. His current provider lets him know about any concerns they have with his kids. The last day care provider did not want to work with him to address the problems his kids were having
Troy	His provider doesn't take care of his infant very well. When he goes there he always hears babies crying, he is unsure about the quality.

Unknown # 2 She is a young mother. She chose in-home day care. It cost $7.15 an hour for 30 hours/week. She had title XX cut, so couldn't afford to work without help so she quit her job. After having her second child she went back to work. She is very tired. She and her husband have experimented with all different kinds of shift arrangements. She doesn't want to go back on the system [welfare], but she hands over ¾ of her paycheck over to daycare. She and her husband try to juggle shifts but they still find that they need some child care, as there are some hours when they're both at work.

Clarissa She pays more in daycare then in rent. She is a single mom and all her family members work, so family members can't care for her children. She is really in trouble if her child gets sick. Sometimes her grandmother takes vacation leave to care for Clarissa's child. She is scared by in-home providers she visited. Works any overtime possible to meet her financial needs. Her employer is wonderful at letting her take off work to be with her children when they're ill. Her boss has kids too and she understands. Clarissa uses all her vacation and sick days for her daughter's illnesses.

Adonna She is a single parent. Her grandmother watched her child until her grandmother had a massive heart attack. Her other family members all work. She has no back up child care. She makes too much money to get subsidies. When she asks for help she is turned away, because she earns too much. She was pulled aside at work and told to find a better doctor or an under the weather service for when the kids are ill, or else she may be let go.

Sue She lost her job over the winter because her kids were sick so much. And she had to miss work. She is required to work, but she can't get help with her children. Her big issue is back up daycare when her kids are sick.

Mary She would love to work more hours, but she can't find quality child care for her kids.

Shannon She doesn't have family nearby. She is married. She can go to where she can find a job but she has no family to watch the kids. She is looking for a multicultural daycare center. She found daycare that she is okay with, but it is not her first choice. She loses her pay when her kids are sick, and she has to stay home with them.

Karie She is a single working mother of a four year old little boy. She enrolls him in daycare while she works. One day when she went to pick up her child after work she noticed that something was disturbing him. From talking later that night she learned that her son had been hit in the face by one of the child care providers. She confronted the child care provider but they denied it. However, others witnessed the abuse. They say that the child care provider simply snapped due to having too many children and too little patience at the time.

Karie was appalled by what had happened and her son was terrified and did not want to ever go back. Unfortunately, Karie had to take him back to that child care provider until she could find a replacement because all her family members worked so she had no backup care, and she could not take off from work. It broke her heart to have to take him back to that place. She was determined to get him out of there. It took eight weeks before she found daycare she could afford and felt comfortable with. Her son is now in the new day care center but she doesn't think he will ever be comfortable in daycare again.

Unknown #3 She has been through 6 different daycare providers since her 5 year old was born. She is still looking for good quality.

Assistant Secretary Olivia Golden closed by thanking everyone for taking the time from their hectic lives to be present at the focus group. She told the parents that she would remember their stories to share with others and that participating in the focus groups was an important way of focusing attention on the issue of affordable child care. Putting the issue front and center is an important step in working to address it.

Note: Beatty Brasch of the Lincoln Action Program organized the focus group. Her phone # is (402) 471-4515

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****** QUICK FAX MESSAGE ******

Here are the tables I referred to in my phone message. I would be happy to answer any questions you may have about them. If you call tonight and don't catch me here, feel free to call me at home: 301-270-2486.

Comparison of tax liability under current law to tax liability with DCTC expansion and refundability, DCTC expansion only, and the Congressional marriage penalty fix

TAX YEAR 2000

Married filing jointly, one child
Maximum in qualifying child care expenses ($2,400)

Income	Current tax liability	Tax liability, DCTC expansion w/ refundability	*Net benefit*	Tax liability, DCTC expansion (no refundability)	*Net benefit*	Tax liability (Cong. marriage penalty fix*)	*Net benefit*
$12,000	-$2,353	-$3,553	***$1,200***	-$2,353	***$0***	-$2,353	***$0***
$15,000	-$1,984	-$3,184	***$1,200***	-$1,984	***$0***	-$2,303	***$319***
$20,000	-$1,185	-$2,247	***$1,062***	-$1,185	***$0***	-$1,504	***$319***
$25,000	-$26	-$698	***$672***	-$386	***$360***	-$563	***$537***
$27,000	$618	-$79	***$697***	-$66	***$684***	$80	***$538***
$29,000	$1,008	$288	***$720***	$288	***$720***	$724	***$284***
$32,000	$1,458	$786	***$672***	$786	***$672***	$1,240	***$218***
$35,000	$1,908	$1,308	***$600***	$1,308	***$600***	$1,690	***$218***
$40,000	$2,658	$2,178	***$480***	$2,178	***$480***	$2,440	***$218***
$45,000	$3,408	$3,048	***$360***	$3,048	***$360***	$3,190	***$218***
$50,000	$4,158	$3,918	***$240***	$3,918	***$240***	$3,940	***$218***
$55,000	$4,908	$4,788	***$120***	$4,788	***$120***	$4,690	***$218***
$60,000	$5,658	$5,658	***$0***	$5,658	***$0***	$5,440	***$218***

* Includes EITC marriage penalty fix

Tax calculations assume standard deduction is taken and include DCTC, child tax credit, and EITC. Marriage penalty fix calculations assume changes are completely phased-in for tax year 2000.

Family with the largest net benefit from a DCTC expansion without refundability is the family with $29,000.

Comparison of tax liability under current law to tax liability with DCTC expansion and refundability, DCTC expansion only, and the Congressional marriage penalty fix

TAX YEAR 2000
Married filing jointly, two children
Maximum in qualifying child care expenses ($4,800)

Income	Current tax liability	Tax liability, DCTC expansion w/ refundability	***Net benefit***	Tax liability, DCTC expansion (no refundability)	***Net benefit***	Tax liability (Cong. marriage penalty fix*)	***Net benefit***
$15,000	-$3,402	-$5,802	***$2,400***	-$3,402	***$0***	-$3,823	***$421***
$20,000	-$2,349	-$4,749	***$2,400***	-$2,349	***$0***	-$2,770	***$421***
$25,000	-$1,296	-$3,696	***$2,400***	-$1,296	***$0***	-$1,717	***$421***
$30,000	-$243	-$1,925	***$1,682***	-$243	***$0***	-$664	***$421***
$33,000	$208	-$1,089	***$1,297***	$0	***$208***	-$32	***$240***
$36,000	$658	-$495	***$1,153***	$0	***$658***	$440	***$218***
$39,000	$1,108	$100	***$1,008***	$100	***$1,008***	$890	***$218***
$40,000	$1,258	$298	***$960***	$298	***$960***	$1,040	***$218***
$42,000	$1,558	$694	***$864***	$694	***$864***	$1,340	***$218***
$45,000	$2,008	$1,288	***$720***	$1,288	***$720***	$1,790	***$218***
$50,000	$2,758	$2,278	***$480***	$2,278	***$480***	$2,540	***$218***
$55,000	$3,508	$3,268	***$240***	$3,268	***$240***	$3,290	***$218***
$60,000	$4,258	$4,258	***$0***	$4,258	***$0***	$4,040	***$218***

* Includes EITC marriage penalty fix

Tax calculations assume standard deduction is taken and include DCTC, child tax credit, and EITC. Marriage penalty fix calculations assume changes are completely phased-in for tax year 2000.

Family with the largest net benefit from a DCTC expansion without refundability is the family with $39,000.