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U.S. Department of Labor  
Office of the Secretary

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## Women's Bureau



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Employer Sponsored Child Care Initiative  
Women's Bureau  
U. S. Department of Labor  
Lenora Cole Alexander, Ph.D.  
Director

During FY 1982 the Women's Bureau identified child care as one of the most prevailing problems facing workers, particularly women in the coming years. To impact upon this issue the Bureau embarked on a tri-focused initiative to encourage employer - provided child care at the national and regional office levels. At the national level the Bureau drafted plans to undertake a Private Sector Partnership Initiative on child care to: (1) study and develop strategic models to demonstrate potential partnerships between selected industries, government, academia, professional child care providers/experts, non-profit organizations and working mothers; (2) identify the available resources of major industries, including architectural, accounting, banking, communications, computer technology, food services, financial services, engineering, insurance, and land development which may be "packaged" into income producing/cost containment partnerships with child care centers; (3) review and study successful child care models; (4) identify and review successful private sector commercial entrepreneurial models; and (5) explore the feasibility and mechanisms for new alternative sources for financing of child care.

The Bureau also joined with the Rockefeller Foundation in a program to assist single heads of households by funding four community based organizations to provide supportive services for child care. In addition each of the organizations will (1) address the special labor market barriers confronting single heads of households; (2) increase the awareness of the business community to the effects of employment on parenting responsibilities and (3) address both the employment and child care needs of the female family head.

The four Community based organizations and their programs are:

1. Atlanta Urban League  
Atlanta, Georgia  
Lyndon A. Wade, ACSW  
Executive Director

The Atlanta Urban League will:

- o Establish a child care consortium to provide child care arrangements for 50-100 children of participants in the project.
- o Establish a Council of Corporate/Social Response consisting of representatives from major companies as well as diverse industries throughout metro Atlanta that will:

- a) review the various incentives available through the Economic Recovery Tax Act of 1981
- b) Survey existing attitudes and needs within the local corporate community, and
- c) explore available options for local employer involvement and develop a strategy for implementing available options; and
- o Procure the services of a "Loaned Executive" to assist in soliciting the participation of other companies in the implementation of the objectives of the project - employer sponsored child care.

2. Center for Employment Training (CET)  
San Jose, California  
Russell Tershy  
Executive Director

The Center for Employment and Training will:

- o Provide child care arrangements for at least 140 children of participants of this project.
- o Develop community and employment linkage for child care support.
- o establish an on-site Child Care Development Center for infants, pre-schoolers and provide services for children after school.
- o Conduct regular parent advisory group meetings to encourage parent awareness of and participation with child development activities. In addition, coordinate parenting, budgeting, nutrition and child development workshops.

3. Opportunities Industrialization Center (OIC)  
of Rhode Island  
Providence Rhode, Island  
Michael Van Leesten  
Executive Director



The Opportunities and Industrialization Center will;

- o Provide alternative child care arrangements for at least 150 children of participants which will include the following: center based child care; licensed home day care; and after school care.
- o Explore with area employers the feasibility of establishing a corporate sponsored child care service that could be used by graduates of project.
- o Institute a Parenting and Family Life Skills Program
- o Establish a parent resource center containing books, magazines, games, pamphlets, tapes and records focusing on parenting and family life issues.
- o Establish a Children's Clothing Exchange

4. Wider Opportunities for Women (WOW)  
Washington, D. C.  
Avril Madison  
Executive Director

Wider Opportunities for Women will:

- o Ensure that at least 140 children of participants receive child care.
- o Collect and systematize information on child care as maintained by the five area wide jurisdictions in the metropolitan area.
- o Develop a printed child care information guide of the Washington area.
- o Work with area institutions of higher education to develop and offer a course that will enhance parenting skills.
- o Plan seminars to educate area employers about the mutual benefits of providing child care support as a part of a fringe benefits package.

Each of the above organizations will prepare a how-to-manual of their demonstration project for replication.

Regional Activities in Employer -Related Child Care:  
Highlights by Regions, Fall 1982-Spring 1983

- Region I . The major thrust in this region has been the establishment of the New England Outreach Network (NEON) for Employer Supported Child Care. State committees and Task Forces to promote employer interest in and support of child care services have been created in recent months.
- . In Connecticut, a statewide Task Force of business, agency and voluntary organization leaders mobilized by the State Office of Child Care through the Women's Bureau has been meeting regularly since Dec. 21, 1982. Outreach includes follow up contacts with the 75 attendees at a 1981 state conference and working with a successful Hartford business consortium on presentations by them describing their information and referral programs at business organization luncheons and other events
  - . The Vermont Task Force made a presentation to personnel directors at the Vermont Personnel Association annual meeting in January
  - . The Women's Bureau contractor is providing training classes for outreach to employers to members of the Rhode Island Business Child Care Committee. The trainees become "Child Care Marketeers".
  - . WB contractor will hold a followup training session in Providence on April 14 for the Rhode Island Business Child Care committee.
  - . The RIBCC Committee is sponsoring a mini-conference in June at the greater Providence Chamber of Commerce.
  - . A meeting with New England proprietary child care (Kindercare) Regional Directors is being discussed by the WB contractor
  - . A New Hampshire Task Force was established in February



- . The Connecticut Task Force plans to develop a Resource Inventory of providers and child care experts willing and able to meet with individual companies or employer groups on child care options, and to develop a network for companies already into child care services.

Region II

- . A breakfast seminar on November 30, 1982, hosted by the Westchester County Association, Personnel Management Association and the County Executive's Task Force on Child Care, attracted 100 participants, more than half representing companies who requested followup meetings. (Attachment) The WB contractor is providing intensive technical assistance to 14 of these on a one-to-one basis.
- . It is also working closely with the United Way toward creation of a Child Care/Day Care Resource Foundation to continue the activities generated by the Seminar.
- . Further work in the legislative area includes leadership for a State bill providing a 50% tax incentive for on-site facilities, and a companion bill for employee incentives.
- . The contractor reports that industry is looking to government for models; several organizations are in the process of exploring child care for government workers in New York City and Westchester County.

Region III

- . In the Fall, the WB contractor arranged with a major Philadelphia medical center to assist them in developing a child care program. For the needs assessment, 6 group sessions of 15 employees each were conducted to identify types of services needed. Results of these "focus groups" were given to the hospital for further action.
- . After receiving WB technical assistance, the general Accident Insurance Co. decided to implement an Information and Referral system and is purchasing 200 units of service from a computerized I&R firm for the Philadelphia home office as of March 1. This will be evaluated as a fringe benefit for their other branches.

- . The Montgomery County, Md. Employer Subcommittee of the County Commission on Children sponsored 3 breakfast seminars in February for small groups of employers. Each was hosted by a prominent company in the area.
- . In Richmond, Va., the United Way, Chamber of Commerce, Junior League and Henrico County held an Employer Seminar the Federal Reserve Bank building in June 1982, at which WB keynoted the occasion.
- . The WB contractor was invited to the White House to discuss her research and WB work on employer child care by Edwin Harper, Office of Policy Planning. The meeting was held in January.

Region IV

The WB contractor, a community-based organization in Pinellas County, Fla. visited corporate projects in Tennessee and North Carolina in the Fall to analyze their systems in preparation for

- . development of a comprehensive brochure on Corporate Child Care
- . development of a slide presentation
- . providing technical assistance to a large Largo hospital
- . arranging for an April meeting with Honeywell in St. Petersburg regarding an on-site center
- . holding a seminar Feb. 10 for a consortium of 12 executives at the request of the county
- . holding a presentation for the City of Clearwater Feb. 8
- . working with the Committee of 100 to attract new industry

Region V

The WB contractor, Greater Cincinnati's planning agency for comprehensive community child care

- . established an Employer Advisory Committee which has held monthly meetings since November



- . developed a fact sheet for area employers
- . will conduct a Round Table for Service Deliverers on April 25
- . will hold an Employer Seminar April 26 on the benefits, options and how-tos of child care assistance for employers
- . is interviewing major employers to stimulate interest

Region VI     The WB contractor, a private consulting firm,  
• is working with the City of Dallas Office of Child Development on corporate child care for establishing an information/referral system

- . is conducting noontime seminars for companies
- . sponsored a seminar for 43 participants including 23 corporate employers at the Mary Kay World Headquarters in November
- . is developing an I&R system in response to requests from interested companies following research of systems in operation in several states

Region VII     This region conducted seminars for major employers in two cities, focussing on flexible compensation benefits and developing a replicable agenda format. A national management consulting firm and four organizations that are providing a child care service are the core of the programs.

- . A colloquium co-sponsored by Kansas City Southern Industries was held in October at their subsidiary office for 20 major employers
- . In February, a similar colloquium in Omaha was co-sponsored by the Greater Omaha Chamber of Commerce and the Personnel Association of the Midlands, with 45 registrants. Panelists included service providers from proprietary, private school, referral and hospital child care systems.
- . WB is engaged in following up interest generated at the KC seminar with firms requesting technical assistance



Region VIII This region undertook a media campaign, with a DOL press release to 37 radio stations and newspapers in the Salt Lake City and Ogden areas. Four radio and TV interviews were arranged with business participants and the WB contractor

- . The Utah Business and Child Care Advisory Board was established in December
- . The WB publication manual on Employers and Child Care: Establishing Services Through the Workplace was widely distributed
- . The WB contractor developed a survey instrument and is providing assistance to Intermountain Laboratories, which presented the employee survey results favorably at the corporate level.
- . Mountain Bell and a Boulder, Colo. hospital are exploring programs with the WB contractor

Region IX This region has several active programs in child care, and a general awareness of employer-related systems because of California's involvement in statewide Information and Referral programs

- . A noontime tax seminar was held by the Women's Bureau in San Francisco in February to explain the Child Care Assistance Program. A brochure containing significant information was specifically developed for the program by the tax lawyer contracted to hold the meeting.
- . The WB consultant is providing a Pasadena hospital with step-by-step technical aid on establishing a day care center due to open June 1. Advice on building renovation, purchase of equipment, learning materials and a parent handbook is part of the effort.
- . An information/referral system is being developed to supplement the on-site child care center at the hospital

- . The Ventura Commission on Women is holding a seminar on Employer Child Care on May 19, The WB consultant is to speak
- Region X     A Portland, Oregon community-based organization with strong ties to minority and women's programs is approaching this initiative differently. This WB contractor
- . held a seminar in January for working parents whose children are already in day care
  - . in March, arranged a seminar for volunteers--employed parents willing to promote the concept
  - . In April, will begin a media campaign to announce the availability of WB technical assistance to the Portland business community, particularly to reach small employers
  - . May 19 will hold a 7 pm seminar for working parents and personnel administrators with the Multnomah County Day Care Association at 1624 NE Hancock, Portland
  - . developed a brochure for mailing to female business owners informing them of the free consultation service.
  - . from April to July, will provide speakers for presentations to service clubs, civic organizations and other groups, and train providers and advocates for presentations
  - . produced materials on tax benefits for Oregon employer fringe benefit plans
  - . met with State officials regarding implementation of Child Care Assistance programs and state tax regulation concerning payroll withholding plans, and reporting procedures for employers.
  - . assisted a small business in adopting and installing a Child Care Assistance service for 16 employees.
  - . plans to produce a slide tape for audience use.



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Friday, March 25, 1983

FYI - 3/25/83

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## THE ATLANTA CONSTITUTION

FRIDAY, MARCH 25, 1983

Carole Ashkinaze

# Bank takes lead in day care

Why should a large private company spend \$100,000 or more to set up a day-care center for the children of its employees?

That was the question. And the U.S. Labor Department had the answer in a word: demand. Nationally, the percentage of working mothers has climbed from 36 in 1940 to 59 in 1982; 13 million children 13 years of age and under are in households where their parents work full time, and the existing day-care centers, private and public, accommodate fewer than 1 million of them.

The federal government is bringing pressure to bear on the private sector to do what it can to narrow the gap created by its soaring deficit and diminishing tax dollars. In fact, it has dispatched Lenora Cole-Alexander, director of the Labor Department's Women's Bureau, on a cross-country tour to talk up the need for "family-oriented" programs by private enterprise, and the available tax incentives.

But such programs are difficult to justify from a hard-nosed, profit-and-loss point of view.

What does a profit-making company have to gain from such a move — apart from the headaches associated with any new venture? Why bother to offer something that your competitor isn't offering his employees?

Good will? A recruitment tool? Well, perhaps. But how do you quantify that, and persuade your accounting department that it's going to be cost-effective?

Officials at The First National Bank of Atlanta, operating from a different management philosophy, turned the question around. "Why shouldn't we go into the day-care business?" they asked themselves, working from the premise that there was something, however intangible, to gain from enhancing what Chairman Tom Williams likes to call "the quality of the work life." Why shouldn't First Atlanta become the first major employer in Atlanta to offer on-site

child-care facilities for its 3,200 metro workers? They set out to find out.

And then they knocked down the objections, one by one.

Would anybody really be interested? There was only one way to find out, so the bank canvassed its Atlanta-area employees. And 250 said they would be willing to pay up to \$55 per week for the service. What's more, almost 15 percent of those were men — a sign of the times, in which high divorce rates have produced more one-parent families than ever before.

Could space be found in, or adjacent to, the bank's Piedmont Avenue headquarters building? Right across the street, as it turned out, in a building at the Hilltop Apartments.

But wouldn't the bank have to carry costly extra insurance for all those kids? The cost was surprisingly low, according to vice president and human resources director Mike Balsley, who found it could be added as a simple rider to the bank's existing policy for its employees.

There were a lot of other details to be worked out, but the closer First Atlanta looked, the more feasible it became. A center serving 40 or so kids to start, at \$45 to \$55 per week, could become self-supporting, they decided, after an initial start-up investment of about \$100,000 for rehabilitation, furniture, playground equipment, instructors' salaries and food service. And while I trust I won't be disclosing any trade secrets if I point out that banks are hardly generous with their funds, \$100,000 was a negligible amount, against the sum spent each year for salaries and standard employee benefits.

In fact, First Atlanta is now mulling a proposal to offer "flexible benefits" to its employees, with day care as one option in a fully paid benefit package.

First Atlanta's philosophy sounds altruistic. "Capital plus human resources times management equals success," Balsley says. But it makes business sense, he insists.

"People don't work at the whim and fancy of their employers at the really successful companies," he says. "And that's the kind of company we want to be."





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## **Federal Legislation on Day Care**

The need for day care for the children of working parents has greatly increased over the past 20 years and is expected to continue into the 1990's. More married women are entering the work force than ever before and more are remaining at work during their child-rearing years. For many single parents with small children, child care services enabling the parent to work are a necessity. In addition, care services for elderly or disabled persons frequently are needed while other family members work.

Day care services for children and dependent adults may be paid for by the family, the employer, unions or other employee organizations, the Government, private contributors, or a combination thereof. The purpose of this fact sheet is to describe briefly major Federal legislation concerning child and dependent care services. The Federal laws provide tax credits for working parents, tax incentives for employers, and food subsidies and financial support for centers under a number of Federal programs.

At present the Federal Government is shifting away from giving direct support and subsidies to day care centers and toward an emphasis on tax credits for parents and tax incentives for employers. This trend is likely to continue.

### **Tax Legislation**

#### ECONOMIC RECOVERY TAX ACT OF 1981 (ERTA)

The Economic Recovery Tax Act of 1981 (ERTA) allows increased tax credits to workers paying for child and adult dependent care and establishes tax incentives for employers providing such services for employee use. ERTA, P.L. 97-34, also provides that employer contributions for child and dependent care services are not taxable to the employee.



## Child and Dependent Care Tax Credit for Workers

A tax credit for a portion of the expenses incurred for child or disabled dependent care is available under ERTA to employed persons if the expenditures enable the taxpayer to be gainfully employed (Sec. 44A Internal Revenue Code). The credit is computed at 30 percent for taxpayers with adjusted gross incomes of \$10,000 or less, with the rate of the credit reduced one percentage point for each \$2,000, or fraction of \$2,000, of income above \$10,000 until the rate reaches 20 percent for taxpayers with incomes over \$28,000. Expenses for which the credit may be taken are limited to \$2,400 for 1 dependent and \$4,800 for 2 or more dependents.

The table below shows the amount of tax credit that may be taken at various family income levels.

Adjusted gross family income	Percentage of expenses permissible as tax credit	Maximum amount of credit	
		1 dependent adult or child	2 or more dependents
Up to \$10,001	30%	\$720	\$1,440
\$10,001 - 12,000	29%	696	1,392
12,001 - 14,000	28%	672	1,344
14,001 - 16,000	27%	648	1,296
16,001 - 18,000	26%	624	1,248
18,001 - 20,000	25%	600	1,200
20,001 - 22,000	24%	576	1,152
22,001 - 24,000	23%	552	1,104
24,001 - 26,000	22%	528	1,056
26,001 - 28,000	21%	504	1,008
28,001 & up	20%	480	960

The expenses may be for services provided in or out of the taxpayer's home, for dependent children under age 15 or dependent adults over age 14 who are disabled and who live with the taxpayer. No credit may be taken for the cost of residential care in a nursing home or similar facility for dependent adults. The credit is available to all eligible taxpayers regardless of the gross income of the family and whether or not they itemize deductions.

The child and dependent care tax credit is computed on an annual basis. For that reason, the entire \$2,400 or \$4,800 of qualifying expenses on which the credit is computed is available to eligible taxpayers having the appropriate number of dependents at any time during the taxable year.



Eligibility. The tax credit is available to married couples if both spouses work (either full or part time), to married full-time students with working spouses, and to single working parents. Single parent-students are eligible for the child care credit if they have earned income.

To claim the credit, married couples must file a joint return. The amount of qualified expenses (those on which the 20 to 30 percent credit is figured) is limited to the earnings of the spouse with the lower income. Thus, for example, if the income of the low-earning spouse is \$2,000, the amount allowable for computing the credit would be \$2,000, regardless of the amount of expense and the number of children or dependent adults.

In computing the "earnings" of a spouse who is a student or is incapable of caring for herself or himself, such spouse shall be deemed to have earned \$200 per month if the couple has 1 child or disabled dependent and \$400 per month if the couple has 2 or more such dependents.

For single parents, the amount of the expenses used to compute the credit may not be more than the income earned by the taxpayer.

The credit is also available to a divorced or separated parent having custody of a child under age 15 for more than one-half of the calendar year, even though the other spouse may be entitled to claim the personal income tax exemption for a dependent child. A deserted spouse may claim the credit if the deserting spouse is absent for the last 6 months of the taxable year.

Payments to relatives, including those living in the same household, qualify for the credit, provided that the relative is not the taxpayer's dependent and that the relative's wages are subject to social security taxes. However, no credit is allowable for payments made to a child of the taxpayer if the child has not attained 19 years of age at the end of the taxable year.

#### Tax Incentives for Employers

Dependent Care Assistance Programs. The 1981 tax law, ERTA, establishes a new category of tax benefits entitled "Dependent Care Assistance Programs" (Sec. 129 Internal Revenue Code).

Prior to the passage of ERTA, some tax advisors feared that, without specific provisions in the tax law, the value of employer-provided child care payments, services, or vouchers would be included in the employee's gross income and taxed. Now, as long as the requirements of the statute are met, the Internal Revenue Service will treat the new programs as tax-free benefits like other employee fringe benefits such as medical and dental plans, or life insurance.



The Internal Revenue Service will issue regulations on dependent care assistance programs in the near future.

The child care services allowed under a dependent care assistance program include care at the parent's home, at another person's home, or at a child care center. An employer can provide services at an employer-operated child care center, a community child care center, or a family day care home, or the employer can provide funds to cover any eligible services that the parent might choose. Employer programs which do not involve actual care for the child, such as parent seminars or information and referral services, would not qualify as dependent care assistance programs.

To qualify under the new tax law, the provisions of a dependent care assistance program must be set forth in a written document by the employer and must be for the exclusive benefit of its employees. The program also must satisfy certain requirements regarding participant eligibility, payments, and notification.

#### Eligibility

- o The program cannot discriminate in favor of employees who are officers, owners, or highly compensated, or their dependents. Employees may be excluded from the program if they are in a unit covered by a collective bargaining agreement and the exclusion is a result of good faith bargaining between employer and employee representatives.
- o Principal shareholders or owners (or their spouse or dependents) who own more than 5 percent of the stock, or capital or profit interest, of the company may not receive more than 25 percent of the amount paid by the employer for dependent care assistance during any 1-year period.

#### Payment for Services

- o Dependent care assistance includes payment for services or provision of services for the care of an employee's dependent who is under 15 years old or for an employee's dependent or spouse who is physically or mentally incapable of caring for herself or himself.
- o Assistance cannot exceed the income of an employee who is not married. For married employees, the amount of assistance cannot exceed the lesser of the income of the employee or the income of the spouse. The "earned income" of a spouse who is a student for at least 5 months of the year or who is incapable of caring for herself or himself is deemed to be \$200 per month when the taxpayer has 1 child or disabled dependent in need of care or \$400 per month when there are 2 or more such dependents.



- o The payments for dependent care assistance cannot be made to a person who is a dependent of the employee or the employee's spouse or to one of the employee's children who is under 19 years of age at the close of the taxable year.
- o Payments made by the employer for dependent care assistance cannot be reported on the employee's tax form as expenses for calculating the child care tax credit.

#### Notification Requirements

- o Eligible employees must be notified of the availability and terms of the dependent care assistance program.
- o On or before January 31 of each year, the employer must provide each employee participating in the program with a written statement showing the amount of expense incurred by the employer for dependent care assistance on behalf of the employee during the previous calendar year.

#### OTHER TAX INCENTIVES FOR EMPLOYERS

In addition to the dependent care assistance program, there are a number of other tax incentive provisions of Federal law available to employers. These include: accelerated cost recovery and a tax investment credit of 10 percent for capital expenses, amortization of "start-up" and "investigator" expenses, targeted jobs tax credit for certain categories of persons including part-time workers who might be employed by a center, and a variety of provisions relating to charitable contributions and tax-exempt programs.

Details of these provisions may be obtained from the Internal Revenue Service and from qualified tax advisors. Also see Employers and Child Care: Establishing Services Through the Workplace, Women's Bureau, August 1982.

#### TAX DEDUCTION FOR USE OF RESIDENCE FOR DAY CARE SERVICES

Persons who provide day care services in their homes on a regular basis for compensation may claim a tax deduction for expenses related to the use of the property for business purposes. Day care includes care provided for children, for individuals 65 years of age or older, or for individuals mentally or physically incapable of self-care.

Expenses directly related to the operation of the business are fully deductible. In addition to normal operating costs, such expenses might include painting or repairs made to the specific area of the home used for the business.



Indirect expenses are deductible in part and include those which benefit the entire residence as well as the area used for day care. Examples of indirect expenses are real estate taxes, mortgage interest, rent, utilities and services, insurance, repairs, and depreciation. Indirect expenses attributable to the business activity are calculated on the basis of the portion of space in the taxpayer's residence that is used for day care services and on the number of hours that portion is used compared with the total time the space is available for all uses.

Taxpayers planning to take this deduction are advised to read "Business Use of Your Home," Publication 587 (Rev. Nov. 81), available from the Internal Revenue Service.

## **Funding**

Service groups, community organizations, and religious institutions may assist in raising funds for day care services. Private foundations sometimes provide funds for child care programs, particularly as demonstration projects. State job training programs may also provide money for training child care workers. Several major sources of Federal funds are described below.

### CHILD CARE FOOD PROGRAM

The Child Care Food Program, administered by the U.S. Department of Agriculture (USDA), provides reimbursement for nutritious meals that are served to children in child care centers or in family day care homes. To be eligible for funding, a private child care center or an "umbrella sponsor" of family day care homes must have Federal tax exemption or be receiving funding under Title XX of the Social Security Act. The food reimbursement includes a base rate for all children and increased rates for children from low income families that are eligible for free or reduced-price meals. Reimbursement rates are revised annually.

Further information may be obtained from the Child Care and Summer Programs Division, Food and Nutrition Service, USDA, 3101 Park Center Drive, Alexandria, VA, 22311.

### TITLE XX, AFDC, WIN

The Federal Government provides funding for day care services for children of many persons at or near the poverty level. Under Title XX of the Social Security Act, funds are available to such families for child care. Parents in the Aid to Families with Dependent Children (AFDC) program may be eligible for AFDC Work Expense Allowance to pay for child care so that they can find and continue employment. Participants in the Work Incentive (WIN) program are entitled to child care services that are necessary for the participant to find a job.





The local Welfare Department or Department of Social Services usually determines which child care facilities will serve those parents eligible through Title XX, AFDC, or WIN. The local agency may provide child care or may contract with for-profit centers, not-for-profit centers, or family day care homes to provide services.

VOCATIONAL EDUCATION

Federal funds under P.L. 94-482 may be used to provide for child care when the student-parent is in need of such services.

**Guide for Planners and Administrators**

The Women's Bureau has developed a guidebook, Employers and Child Care: Establishing Services Through the Workplace, to assist day care planners, center administrators, and others involved in establishing or implementing a child care program. The guidebook provides detailed information on tax incentive laws, options for employers, and other aspects of center planning. Single copies can be obtained from the Women's Bureau at no cost, while supplies last.

GPO 893-650

Tax Legislation

EMPLOYER'S CHILD CARE TAX ACT OF 1981 (P.L. 96-502)

The Employer's Child Care Tax Act of 1981 (P.L. 96-502) allows increased tax credits to parents paying for child and adult dependent care and allows increased tax incentives for employers providing such services for employees. P.L. 96-502, P.L. 96-503, also provides that employer credit for child and dependent care services are not taxable to the employer.

U.S. Department of Labor  
Office of the Secretary  
Womens' Bureau  
Washington, D.C. 20210

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## Guide for Planning and Administration

The Women's Bureau has developed a guidebook, Planning and Administration, to assist day care centers, community organizations, and others involved in establishing or expanding a day care program. The guidebook provides detailed information on various aspects of day care, including: site selection, facility requirements, staffing, and financial considerations. It also includes a checklist of questions to ask when planning a day care program.

### Eligibility for Federal Funds

The Child Care and Family Support Act of 1981 (Public Law 97-248) provides for the establishment of a new program of child care services. To be eligible for funding, a private child care center or an "individual sponsor" of family day care must have Federal tax exemption or be receiving funding under Title XX of the Social Security Act. The food and nutrition assistance program is not available for day care services. To be eligible for food and nutrition assistance, a child care center must be licensed or approved by the State.

Further information may be obtained from the Child Care and Family Support Program Division, Food and Nutrition Service, USDA, 1101 Park Center Drive, Alexandria, VA, 22304.

### TITLE XX, AFDC, WY

The Federal Government provides funding for day care services for children of very persons at or near the poverty level. Under Title XX of the Social Security Act, funds are available to state families for child care. Parents in the Aid to Families with Dependent Children (AFDC) program may be eligible for AFDC Work Expense Allowance to pay for child care so that they can find and continue employment. Participants in the Work Incentive Program are entitled to child care services that are necessary for the participant to find a job.





# Child Care Centers Sponsored by Employers and Labor Unions in the United States



U.S. Department of Labor  
Office of the Secretary  
Women's Bureau  
1980

As more and more mothers of preschool children in this country enter the labor market, the need for child care is increasing. Employers and labor representatives are recognizing the child care need as a major concern of employees and are exploring ways to alleviate it.

In 1960 only 19 percent of mothers, husband present, with preschool children were in the labor force, but by 1979 labor force participation of these mothers had increased to 43 percent (1). In 1979, 45 percent of all women with children under age 6 were in the labor force, putting an estimated 7.2 million preschool children in need of child care services.

Finding reliable child care has been a problem for many working women. A 1978 survey of mothers working full time revealed that 30 percent had changed child care arrangements within 2 years because of undependable or poor quality care (2). In 1979 the National Commission on Working Women reported on a national survey of over 80,000 employed women; thirty-three percent of those with dependent children reported that child care was a problem (3).

At industrial plants and offices throughout the country, management officials and labor representatives are aware of the link between unsatisfactory child care arrangements and employee absenteeism. Some employers and labor unions have helped to solve their own absenteeism problems and their employees' child care problems by sponsoring or supporting reliable child care services.

To gather information which would be helpful to employers and labor representatives considering support for employee child care services, a survey of employer-sponsored child care centers throughout the United States was conducted in 1978 (4). The survey identified centers sponsored by employers or labor unions for children of employees or union members, and examined the physical environments which allowed for development of the centers. Also, the sponsoring organization and its employees were characterized. In addition, benefits to employer and employees were determined, as well as problems that had jeopardized child care operations in the past. This report presents information from those findings.

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Note: This report was prepared by Kathryn Senn Perry, Ph. D., and is based on "Survey and Analysis of Employer-Sponsored Day Care in the United States," University of Wisconsin-Milwaukee, 1978. Some sections of this report have been updated.



## Survey Procedure

This information was obtained in three steps. The first was a survey of State day care licensing authorities and military officials to identify the names and addresses of child care centers sponsored by employers and labor unions for the use of employees. The second was a questionnaire sent to each of these centers, and the third was a questionnaire to employers who had once sponsored child care centers but subsequently closed them.

Centers sponsored by hospitals, industries, labor unions, Federal and State government agencies, and military installations received questionnaires. Although labor union centers usually were operated by the unions, they usually were financed by employers, so labor union centers were included in the employer-sponsored center category. Child care centers sponsored by colleges and universities were excluded because they functioned as teacher-training centers and provided child care for students as well as employees.

## Number of Centers and Enrollment Estimates

All States responded to the requests for names of employer-sponsored centers, although incomplete lists were provided by Florida, New Jersey, and Virginia. Military authorities in the Air Force, Army, Marine Corps, and Navy provided lists of centers.

A total of 105 civilian centers were identified. They enrolled an estimated 8,419 children. Sponsors included 14 government agencies, 75 hospitals, 9 industries, and 7 labor unions. All centers named by day care licensing authorities were contacted to verify the status of their sponsorship. The highest density of civilian centers (74 percent) was in eastern and southern States.

Of the 200 child care centers located at military installations, 89 were sponsored by the Air Force, 50 by the Army, 15 by the Marine Corps, and 46 by the Navy. They were different from civilian-sponsored centers because they operated as a community service and frequently provided care while parents engaged in leisure activities as well as while they worked. An estimated 25,059 children were enrolled at the military centers.

Despite increases in the number of mothers of preschool children in the labor force over the last 10 years, the sponsorship of centers by hospitals and industries decreased. Between 1968, when the Women's Bureau conducted a survey of hospital-sponsored centers, and this survey in 1978, the number of hospital-sponsored centers decreased by 23 percent (5). In 1970 the Women's Bureau identified 11 industry-sponsored centers, but there were nine in 1978 (6). Although no one factor was responsible for these decreases, increased center costs and reductions in the "nursing shortage" may have been influences.

Of the identified child care centers in operation, 42 percent completed the questionnaire. The civilian centers received more reminders than the military centers and had a higher response rate. The civilian



centers had a 58.5 percent completion rate for the questionnaire, while 34.5 percent of the military centers responded.

Of the employers who had terminated child care operations, 23 responded.

Many employers and centers compiled information in unique ways. As a consequence some of those responding were unable to provide all of the data in the forms used in this survey. Therefore, percentage statistics in this report are based on varying sample sizes.

#### Sponsor Size and Percentage of Women Employees

The size of the organizations varied greatly. The average number of full-time employees for government agencies was 10,150; hospitals, 1,484; industries, 603; and the military, 6,898, based on samples of 4, 26, 3, and 27 organizations, respectively.

Employer-sponsored child care has often been associated with industries that employ a high percentage of women. Many but not all of the organizations in this survey had a high percentage of female employees. Women made up over 50 percent of the employees in 20 hospitals, in 7 industries connected with labor union centers, and in 3 government agencies. Of the industries that sponsored centers, a night club/resort and an insurance company are typical of those that hired a large proportion of women, but three others had an average of only 36 percent women. Representatives of 19 military installations reported that only 14 percent of employees were women.

#### Assessment of Need

An assessment was made of employees' need for child care before 89 percent of 56 civilian and 52 percent of 42 military centers were opened. Of 69 centers that described the types of assessment made, 73 percent used an employee questionnaire, 49 percent made a start-up and operational cost analysis, 42 percent did a survey of day care in the area, 35 percent organized a task force to evaluate the day care situation, and 9 percent made other assessments.

#### Number of Years in Operation

The number of years in operation for 108 open child care centers ranged from 0.4 to 36.8, with an average of 13.2. Military and hospital centers had been in operation longest, as shown below:

	<u>Number in sample</u>	<u>Average years in operation</u>
Military	53	16.8
Civilian	55	9.9
Hospital	44	11.3
Industry	5	5.3
Government	6	4.0



## Location

Most civilian centers were located in or close to the employees' workplace. Military centers were located on the military installation. Only 13 percent of 63 civilian centers were farther than one block from the parents' workplace.

## Days and Hours of Operation

The days and hours that the child care centers were in operation varied and reflected the working hours of employees.

One industry center, one government agency center, and 43 percent of the 44 hospital centers remained open long enough to service two work shifts, but all the other civilian centers operated during one shift only. Seven percent of 15 Army centers and 48 percent of 25 Air Force centers remained open for one and one-half to two work shifts during the week. All other military centers operated during one shift only.

A center in one government agency and 43 percent of 44 hospital centers were open 7 days a week. All other civilian centers were open 5 days only. Seventy-one percent of 60 military centers remained open on Friday evening and 66 percent remained open on Saturday evening.

## Enrollment

All centers responding to the survey enrolled children ages 3 to 6. In addition, infant day and after-school care were available at many centers. Sixty-four percent of the 53 civilian centers and 97 percent of 57 military centers enrolled infants under 1 year of age. Six- to 10-year-old children were enrolled in 34 percent of 53 civilian centers and in 79 percent of 57 military centers.

The total enrollment at 62 military centers with an average enrollment of 134 children each was higher than the total at 55 civilian centers with an average of 72 children each.

Most children enrolled at the civilian centers had a parent employed by the sponsoring organization (or a member of the sponsoring union). In over half (54.5 percent) of 55 civilian centers, enrollment was restricted to children of employees. At 53 civilian centers, an average 91.2 percent of the children had a parent employed by the sponsoring organization.

All military centers reported that children of military personnel were eligible for enrollment. At many military centers, children of civilian personnel working at the installation and dependents of retired military personnel were also eligible for enrollment.

## Administration and Staff

Responsibility for administration of the child care center was within a department of the sponsoring organization in 39 civilian centers and



53 military centers. A separate board of directors administered the center in six civilian centers and two military centers. Four of 63 civilian centers and one of 68 military centers were operated under a contract by a private child care organization.

The make-up of teaching staff varied between civilian and military centers. Civilian centers employed more full-time caregivers. Military centers employed more part-time caregivers. There was an average of 8.4 full-time caregivers at 55 civilian and 5.6 at 66 military centers. An average number of 1.9 part-time caregivers worked at civilian centers and 10.8 at military centers.

Significantly more full-time caregivers with 4-year college degrees were employed at civilian than military centers. The average number of degreed caregivers at civilian centers was 1.6. The average at military centers was 0.2. The civilian centers averaged 0.29 part-time degreed teachers and military centers, 0.24.

The most frequently reported nonteaching staff members were administrators, secretaries, custodians, and cooks. Full-time administrators not in the classroom were retained by 65 percent of 55 civilian centers and 80 percent of the 66 military centers polled. Full-time secretaries or desk clerks were staff members of 16 percent of these civilian and 24 percent of military centers. Full-time custodians served 16 percent of the civilian and 33 percent of the military centers, and full-time cooks were on the staff of 16 percent of the civilian and 39 percent of the military centers.

### Funding

Funding for the child care centers was accomplished through a combination of fees for services and employer subsidies. Only 33 percent of the employer-sponsored centers reported outside funding in addition to fees and employer subsidies.

### Fees and Budget

All centers surveyed except one labor union center and one hospital center charged fees for services. Average charge for 5 days of care was \$24.21 for 54 civilian and \$23.05 for 61 military centers.

The average total operating budget was \$107,270 for 36 civilian centers and \$107,250 for 60 military centers in 1978.

### Employer Subsidies

Employer subsidies were in three categories: in-kind services, start-up expenses, and operating expenses. Eighty percent of 61 civilian centers reported provision of in-kind services while 86 percent of 58 military centers provided them. There were 101 centers reporting the provision of specific in-kind services. Seventy-eight percent offered free use of facility; 53 percent, janitorial services; 36 percent, food services; 45 percent, health services; 27 percent, secretarial services;



20 percent, maintenance/repair services; 5 percent, laundry services; 17 percent, utilities; and 16 percent, other services.

Start-up subsidies were reported by 71 percent of 61 civilian centers. They averaged \$125,846 in 14 instances.

Subsidies for operating expenses were reported by 71 percent of 61 civilian and 31 percent of 58 military centers. The average operating subsidies for 17 civilian centers was \$57,530.

### Outside Funding

Thirty-three percent of all 121 centers responding reported funds received from sources other than the employer. Thirty-six percent of 58 civilian centers and 30 percent of 63 military centers received this funding from sources ranging from Federal programs to local donations. An average of \$18,054 from the U.S. Department of Agriculture or State school lunch program funds was reported by seven civilian and four military centers. An average of \$43,950 from Title XX, Social Security Act, was received by four civilian centers. Two centers received Comprehensive Employment and Training Act (CETA) funding; one of \$2,200, the other of \$144,000. Three others received United Way funding averaging \$6,733 each; nine had small grants and contributions averaging \$1,039 each; and four reported other government funding sources with an average of \$30,850 per center.

### Job Skills of Parents

Although child care is often viewed as a service for the unskilled welfare or single mother, employer-sponsored child care centers in this survey served mainly skilled and professional employees. For 38 civilian centers the percentage of parents in supervisory or professional jobs was 39; other white-collar jobs, 35 percent; skilled blue-collar jobs, 18 percent; and unskilled blue-collar jobs, 8 percent.

### Transportation

The major method of transporting children to the centers was by car. At the 87 centers reporting on transportation, 97 percent of the employees transported their children by car.

### Parent Involvement

In many instances parents became involved in center administration by helping to make policies. Parents had a policy-making role in 57 percent of 61 civilian and in 61 percent of 64 military centers.

Some parents visited during the day at 68 percent of 57 civilian and at 36 percent of 66 military centers. The average number of visits that any parents made during a week at these centers was 11 and 10, respectively.



## Benefits

Many benefits to employers resulted from the child care centers. The ones mentioned were:

<u>No. of centers</u>	<u>Benefits</u>
53	Increased ability to attract employees
49	Lower absenteeism
48	Improved employee attitude toward sponsoring organization
40	Improved employee attitude toward work
40	Favorable publicity to employer for articles about center
34	Lower job turnover rate
29	Improved community relations

Benefits to the parent included the availability of reliable child care, low average weekly fees, the ability to visit the child during the day, and the convenience of transporting the child to an on-site center.

## Reasons for Closing Employer-Sponsored Centers

Questionnaires and telephone interviews were used to obtain information from employers who had closed child care operations. Many reasons for closing involved program costs, some involved changes in or an inaccurate initial appraisal of the demand for child care services, some involved changes in the priority of child care, and others involved specific other problems.

Cost-related reasons included: high subsidies, reported by nine centers; unwillingness of employees to pay fees, reported by three; termination of outside funding, reported by one; and expense of needed expansion, reported by one.

In many centers, the services provided had not been matched with the demand for child care before the center opened. Eleven employers reported that not enough employees were using the center to fill it with employee children. One center reported that the center benefited only a few employees. A reason contributing to the closing of one center was that the operating hours did not serve second-shift and weekend employees.

Changes in the perceived value of the child care center also were expressed. A center was no longer needed to attract and keep a steady work force, four centers reported. The center was needed for other uses, four others indicated. Additional reasons contributing to the closing were administrative problems at four centers and government regulations at one.



## Recent Developments

Since the survey completion, six additional industry-sponsored child care centers opened in the United States. The Albert P. Beutel, II, Day Care Center sponsored by Intermedics, Freeport, Texas, began operation in November 1979 and enrolls 250 children.

Living and Learning, a child care corporation, began operating child care centers at Allendale Insurance Company, Johnston, Rhode Island, and Union Mutual Life Insurance Company, Portland, Maine. Living and Learning leases space from the insurance company and provides a 10 percent discount to employees. The insurance companies guarantee a certain enrollment. Maximum enrollment at the Allendale Center is 90 and at the Union Mutual Center, 100.

Zales Corporation, Dallas, Texas, recently opened a center for 72 children; Hoffman La Roche, Clifton, New Jersey, now supports a center for 40 children; and broadcasters in Washington, D.C., support the Broadcasters Child Development Center, which was initiated with the help of five area TV and radio stations for their employees.

## Summary

From responses of participants in this survey, it appears that in situations with successful employer-sponsored day care there are children whose parents work in professional as well as skilled white- and blue-collar positions; facilities and/or services are provided by the employer for use by the child care center, and employees use automobile transportation to bring their children to the center.

Employer-sponsored child care is usually located close to the workplace, has flexible operating hours to match employee working hours, and costs parents less than alternative centers. In the survey 64 percent of civilian and 97 percent of the military centers provided infant care, and many provided after-school care for older students in addition to care for 3-to-5-year olds.

Benefits to the employer include an increase in the ability to attract employees, lower absenteeism and job turnover, a more positive attitude of the employees toward both employer and work, favorable publicity, and an improvement in community relations.

Some problems causing centers to close include the escalation of subsidies to amounts greater than the employer is willing to provide, a discrepancy between number of child care slots provided and the number needed by employees, administrative problems in running the center, and need for use of the facility in other capacities.



## Recommendations

The problems and the unique funding arrangements of employer-sponsored centers point up the need for careful planning and ongoing evaluation of the child care operation. Planning should include an extensive needs assessment to determine the interest of employees and start-up and operational cost analysis.

The needs assessment should include an estimate of the number of employees with children who would want to use the child care center for the estimated fees. An estimate of the number of children eligible for services is not a true estimate of the number willing to use the center. Costs of center operation increase with underenrollment. Therefore an estimate should be made of other community children who could fill slots in the center if employee children do not. These might be children of employees at neighborhood companies, or families living nearby.

To predict the subsidy commitment an employer will need to make, a cost analysis should include an assessment of the availability of a center facility, as well as food, janitorial, and health and other services. The size of enrollment will influence costs because, to a certain extent, per capita costs go down with increased size of enrollment.

Frequent reevaluations and changes in center operation to meet changing needs and conditions are important to avoid escalating costs.

Using these steps for planning and evaluation, employers and labor representatives can provide child care services that benefit the employer and provide a needed service for employees. Child care centers sponsored by employers or labor unions can be part of the solution to the need in the United States for reliable child care.

### Footnotes

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  - San Jose
2. one corporate system in each region —  
10 regions
3. \$120/month on child care for AFDC recipients.
4. JPTA → AFDC

### PSIO:

- increasing awareness at CEO levels
- use influence of President through exhortation
  - series of top-level seminars around country (w/ taped message from RR) focused on CEO
- 

Central Coordination

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Nature & Function of Presidency



# First Atlanta plans to open day care center for workers' children

By Robin Schatz  
Staff Writer

Concerned about serving the needs of its female employees, First National Bank of Atlanta plans to establish a central day-care center for its 3,200 Atlanta-area workers by the summer.

The bank will spend in excess of \$100,000 to renovate an apartment building next to its

operations center on Piedmont Road. The facility will initially accommodate 40 children aged 2-6, said W. Michael Balsley, senior vice president and director of human resources.

Although several banks and other corporations in the metro area are mulling over the idea of providing their employees with on-site day care, First Atlanta is the first major business to announce firm plans, said Mary

Brown, vice president of Corporate Child Care Consultants, which worked closely with First Atlanta on the project.

In addition to helping with development of the day-care center, Ms. Brown's company will provide a computerized day-care referral and information service for First Atlanta employees. She is currently negotiating with several other corporations in Atlanta to set up

similar referral programs.

"Now that First Atlanta has taken the initiative, it will just be a matter of time before others do something," said Ms. Brown.

She said there has been a lot of interest shown recently by downtown businesses in assisting employees with day-care needs.

See CARE, Page 7-C

THE ATLANTA CONSTITUTION, Tues., March 15, 1983

## Care

Continued From Page 1-C

First Atlanta began exploring the feasibility of offering day-care services about two years ago, at the instruction of its chairman Tom Williams, to find ways to enhance the quality of work life for employees. A survey sent to employees last year revealed strong support for the idea.

"We were really driven by the fact that the majority of our employees are female. One of the things that's happening in the workforce in general is an increase in the incidence of women delaying first children, having the child and then returning to work," said Balsley.

"We want to be in the position to attract the most qualified employees in the workforce. We see this as an enhancement of our ability to attract good people."

The bank completed all the necessary steps of securing approval through the state licensing board, providing insurance coverage, finding qualified instructors and obtaining adequate space.

The day-care service will be a break-even operation and will charge employees competitive weekly rates probably between \$45 and \$55 per child, Balsley said.