



PNC Dedicates Funds, Volunteer Hours

TO IMPROVE SCHOOL READINESS



James E. Rohr, The PNC Financial Services Group, Inc.

PNC leads the corporate world in tackling the issue of early childhood education and care, not just as a major employer but also a corporate citizen. Learn how PNC Grow Up Great, a multi-year, multi-million dollar initiative, takes a comprehensive approach to school readiness.

Within The PNC Financial Services Group, we are dedicating our financial and human resources in a new and more powerful way to achieve greater results in an area of critical importance to our society — school readiness.

Specifically, I'd like to share our company's experience in launching PNC Grow Up Great, a 10-year, \$100 million program to improve early education for America's youngest children: the impetus behind it; the approach we've taken; the challenges we've faced; and, most importantly, the results we're working to achieve.

Let me begin by giving you some context. PNC is a \$74 billion asset financial services company with more than 23,000 employees. Most are located within our six-state retail banking region, although we do have some national — and even global — businesses.

The PNC Culture and Values

I could tell early on in my career that PNC had a deeply held set of values and a very special culture. There was a strong emphasis on creating value for all constituencies: customers and shareholders, of course, but employees and communities were equally important. In fact, one of the first forms I filled out after accepting my job offer more than 30 years ago was a United Way contribution card.

Over the years, through our Foundation, corporate sponsorships, and employee volunteerism, we've given tens of millions of dollars to hundreds of organizations that support culture and the arts, health and welfare, education, and community development. At the same time, we have always recognized that employees are the backbone — as well as the heart and soul — of our company. We have strived to provide them with a highly competitive benefits program, and we've worked to create an environment that enables employees to perform at their highest level.

I'm pleased to say that our efforts have been acknowledged. *Money* magazine has ranked our benefits program as one of the best in our industry, and PNC has earned a place among America's "100 Best Companies for Working Mothers" three times. Even more important than the accolades, though, at PNC our widely used work-life, elder care and childcare programs have helped us improve retention, employee satisfaction and productivity in many areas.

I have to give much of the credit for our success to our employees. For example, they identified childcare as an issue several years ago. They didn't ask us to provide full-time service. They said: "We need a place to take our children when our regular day care isn't available — like when school is canceled, or our babysitter is sick." Since then, we've opened two back-up childcare facilities, in Philadelphia and Pittsburgh, which are used by hundreds of employees each month.



The Origins of PNC Grow Up Great

At the entrance to one of those facilities — The O'Brien Family Center in Pittsburgh — hangs a plaque that reads: "One of the greatest dignities of humankind is that each successive generation is invested in the welfare of each new generation." That quote comes from Fred Rogers, whose stories, songs and kindheartedness helped teach, comfort and entertain millions of children around the world. Mr. Rogers was a great friend of PNC, and I can tell you that our employees — and our company — take those words to heart.

Competing Demands: What takes employees away from the job?

Routine illnesses: 29%
Problems with child care: 22%
Transportation for family members: 10%
Elder care: 5%
Children's school needs: 3%
Death in the family: 3%
Divorce: 1%

Source: Heymann, Jody, et al. *Work-Family Issues and Low-Income Families: Making Work Pay in the Low-Income Labor Market*, Ford Foundation, Summer 2002.

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When we determined that we wanted to focus more of our philanthropic energy, efforts and resources on one cause, we asked employees which areas we should target. The response was loud and clear: children and education. Of course, in a number of ways we had supported these issues all along, but we began to take an even closer look at early childhood education and we recognized a strong need for more corporate involvement.

Some of the research is mind-numbing: an underserved child begins school 18 months behind a school-ready child in terms of vocabulary — a difference that's tough to make up. Think about it, if you begin school and the child to the left of you and the child to the right of you comprehend words that you don't, soon enough you'll recognize that you can't compete, and you'll go onto other things, many of which aren't healthy for you or society. That's why the California penal system uses 3rd grade reading statistics as a leading indicator of how many prison cells they will need in coming years. So the issue of early childhood education became even more compelling for PNC.

Long-Term Commitment, Comprehensive Approach

We decided that to make a meaningful, long-term difference, we had to make a meaningful, long-term commitment that involved the whole company. In other words, we wanted to do something more than simply write a check. We set out to develop a program that would create value for all the constituencies I mentioned earlier. That led to PNC Grow Up Great. It's a 10-year, \$100 million program to help children from birth to age five prepare for school and life. We believe this is the most comprehensive corporate-based school readiness program in the country. We are leveraging our resources to make an impact in several areas: advocacy, grants, volun-

teerism, content, and communications. Let me walk you through how we're addressing each of the areas I mentioned. This will help you to understand better how they work together. Also, like any new venture, we've learned some lessons, which, hopefully, you'll find useful when addressing similar issues at your company or organization.

Advocacy

We're using key resources to encourage elected officials, policy makers and community leaders to: first, learn more about the issue, and, secondly, accelerate the implementation of solutions. We are not experts on the issue of school readiness, but we can lend a strong voice to the need for change. We have taken the position that if this issue truly does matter; we need to lobby public policy makers to enact supportive legislation just as we lobby policy makers on issues that impact our customers or our bottom line.

To help us with our advocacy and other efforts, we have developed an advisory board made up of experts from across the field of early childhood education, including: Dr. Steve Barnett, who heads the National Institute for Early Education Research; Ellen Galinsky, the co-founder of the Families and Work Institute; and Gary Knell, the CEO of Sesame Workshop. This team provides us with guidance on a variety of issues and also gives us a stronger voice at the table.

Grants

Clearly, we also realized funding and grants would have to be a critical element of PNC Grow Up Great. Most of the programs that provide quality early childhood environments are funded privately or through the government, so monetary support is crucial. We developed a grant evaluation process that leverages our existing PNC Foundation infrastructure but also relies heavily on teams we set up in each of our nine geographic markets. The top executive in the market — the Regional President — leads each local team. They get involved in site visits and evaluate requests by focusing on three primary criteria: (1) identify child care "centers of excellence"; (2) provide children with a unique educational experience; and (3) have the ability to measure the impact being made by our investment.

We announced the first wave of grant recipients in March. Twelve centers representing five states received a total of more than \$500,000. What's more, our funding outreach goes beyond these centers. We have committed a portion of our PNC Foundation funding — which totaled more than \$11 million last year — to support preschool-related activities offered through a number of partners. We have extraordinary resources — like the Whitaker Center for the Performing Arts in

Harrisburg and the zoo in Pittsburgh — that can serve as fun and interesting environments for a child to learn. Through PNC Grow Up Great, we're helping to expand those capabilities.

Volunteerism

Aside from grants, our volunteer efforts probably serve as the largest aspect of PNC Grow Up Great. We knew our employees would want to play an important role — it's in their blood. They have provided more than one million hours of volunteer service over the past few years even before PNC Grow Up Great came to be. And they have also contributed nearly \$5 million to United Way alone over that period.

With PNC Grow Up Great, they have set another lofty goal — 100,000 volunteer hours per year specifically in support of school readiness issues. To make it easy for employees, we designed a Web site that lists the wide range of opportunities available. For example, those who want to help, but would rather not work directly with children, can provide computer or strategic planning support. We're also providing up to 40 hours of paid time off annually for each employee to volunteer for this cause.

Although it is potentially the most exciting and rewarding element, the volunteer effort has also been the most challenging, causing us to create an entirely new infrastructure around the clearance process. Each state has certain prerequisites that must be met before you can work with preschool age children. It runs the gamut from doctors' waivers, to TB tests, to fingerprinting, to child abuse clearance. And that's very appropriate. But we didn't want these requirements to dissuade employees from participating, so we went about a detailed process. We learned the specific needs for the states and, when possible, we enabled employees to fulfill these requirements on-site. We also partnered with our employee assistance program provider to serve as a single point of contact for all employee questions. The result: after six weeks from our initial request for volunteers this Spring, more than 4,000 employees expressed interest in volunteering or were already in some stage of the clearance process.

Content and Communications

Besides the personal satisfaction our employees gain from volunteer efforts, they — along with our customers and community partners — will also benefit from the materials we've developed. We call it 'help and be helped.' We have partnered with some of the finest experts in the field, including Sesame Workshop, Family Communications — home of Mister Rogers' Neighborhood — and PBS member stations in all of our primary markets.

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Together, we are creating content and educational materials for employees and the community to use with their families. For example, Sesame Workshop developed the “Happy, Healthy, Ready for School” kit. It contains a DVD featuring everyone’s favorite — Elmo — attending his first day of school; a magazine with tips for parents and caregivers; and an activity book for kids. We shared the kit with every employee and have distributed tens of thousands, for free, to the community via our 750 bank branches and partnerships with non-profit, early education centers. We have also developed an awareness-building campaign. It includes public service announcements with parenting tips plus TV commercials and billboards that call attention to this important issue.

Investment in the Future

The overall feedback about PNC Grow Up Great has been extremely positive. And, of course, that makes us feel good about all the hard work that has gone into getting the program up and running. But 2004 is just the beginning.

As the program evolves, we believe — as I said earlier — that we will create value for all the people we serve. Customers will benefit from the resources and materials we provide, and we hope they take increased pride in doing business with a company that makes this type of commitment. Shareholders will benefit from a more focused use of our philanthropic assets. Employees will become more engaged and loyal to PNC, and take advantage of

the educational materials provided. And, perhaps, most importantly, our communities will benefit from a smarter and healthier generation of students.

To the extent possible, we will measure our progress on each front, and make adjustments to the program as necessary. PNC Grow Up Great is an investment in our future and, like any company, we want to know what type of return we’re receiving on that investment. We feel this program can have a profound impact on school readiness — especially for the 2.8 million children in the regions we serve. We wouldn’t have launched it otherwise.

But this issue is much larger than PNC and this is where I put on my advocacy hat. We need everyone across the country involved. There may be disagreements on the approach — and that’s fine — we’ll iron those out along the way. But, surely, there cannot be any disagreement on this point: Children are our most precious resource. They are the foundation for everything we want this country to become. We can’t afford to simply let them grow up; we want to help them grow up great.

This article is based on the presentation made by James E. Rohr, chairman and chief executive officer of The PNC Financial Services Group, Inc., to human resources executives from Fortune 100 firms at the annual Corporate Voices for Working Families conference in Washington, D.C., on June 3, 2004. For more information on PNC Grow Up Great, visit: www.pncgrowupgreat.com. For more information on Corporate Voices for Working Families, visit www.cvworkingfamilies.org.

Source: Families and Work Institute, 1997 National Study of the Changing Workforce, available at www.familiesandwork.org.

| Unequal Access: Lower-wage workers consistently have less access to family benefits and flexibility on the job than their higher-wage counterparts. | | |
|--|---------------------------|------------------------------|
| | Low-wage employees | Higher-wage employees |
| DEPENDENT-CARE BENEFITS | | |
| % offered child-care resource and referral services | 11% | 24% |
| % offered elder-care resource and referral services | 17% | 27% |
| % whose employer sponsors a child-care center at or near workplace | 10% | 14% |
| % whose employer offers direct financial assistance for child care | 8% | 14% |
| % offered plan allowing pre-tax contributions to cover child-care costs | 12% | 53% |
| FLEXIBLE SCHEDULES | | |
| % able to choose starting and quitting time | 29% | 51% |