

Ohio's childcare cracks, cliffs, and canyons

Wendy Patton

Access to quality childcare helps build pathways out of poverty for low-income families. In the short run, childcare serves as a critical work support that allows parents to work knowing their children are in good hands. In the long run, quality childcare gives low-income children the attention, care, stimulation and education they need for brain development and prepares them to do well in school.

Childcare aid is often called a “work support.” Work supports are public benefits that allow families to survive in an economy with jobs that don’t pay enough. The largest occupational categories in Ohio pay far less than a family needs for self-sufficiency.

Work supports like childcare assistance are supposed to help families move from poverty to self-sufficiency. But for too many, the transition isn’t smooth: it is rough terrain, with cracks, cliffs and canyons.

The public childcare assistance program administered by the Ohio Department of Job and Family Services is the largest of several childcare programs the state sponsors; two-thirds of the funding is federal. In Ohio, the threshold of *initial* eligibility for public childcare assistance is 125 percent of the federal poverty level. While families can only enter the program at or below that level, they continue to receive childcare aid if they are in the system without interruption up to 200 percent of poverty, the ceiling for *ongoing* eligibility. Today Ohio ranks among the lowest of states in initial eligibility levels for this public childcare assistance. Once you are in, it is too easy to fall out.

The earnings cliff

The most commonly recognized place that people lose eligibility is at the income ceiling for the program. For families that enter the public childcare system at or under 125 percent of the federal poverty level, and have stayed in the system without interruption, earnings can increase up to 200 percent of the federal poverty level without loss of the work support. Family co-pays increase, but the share of income needed for childcare remains below 9 percent. Above 200 percent of the poverty level, the support ends and the family falls off the cliff. A parent of one in the Cleveland area would need a raise of about 10 percent (\$1.68 per hour) to keep from suffering a net income loss.

Falling through the cracks

Many who leave childcare assistance do not do so because their income rises, but because something in their employment situation changes. The largest occupational categories in Ohio are low-wage

Challenges of public childcare

- Pay in many of the largest job categories is so low that workers need assistance to cover childcare.
- Families can lose childcare assistance even when they still need help.
At 200 percent of poverty, a single parent of two needs a 10 percent raise to avoid the childcare cliff and prevent harm to the family budget.
- Changing hours, shifts and seasonal overtime characteristic of low-wage work make it hard to keep eligibility.

jobs, and they are characterized by part time, seasonal, or shift work, all of which can bounce a family in and out of eligibility. Changes that impact eligibility must be reported within a specified window, along with employer letters, pay stubs, and class schedules. If there is an interruption in participation (a pink slip; illness; winter break), families can lose eligibility. They can re-enter only at the threshold of eligibility, at the bottom of the income ladder.

Caught in the canyon

A parent who loses a job tries to re-enter the labor market where she left off; say, at \$12.86 per hour, but she finds it is not worth hiring on at that level. She'll bring home a lot less because she is above the level of initial eligibility (125 percent of poverty) so she can't get her childcare assistance back. She does better starting again \$9.46 per hour and getting back into the childcare assistance program. The problem is, she can't advance in career or earnings by moving backwards.

Ohio's economy doesn't work well for low-earning families with young children. Nor does it work well for kids. A 2000 National Academies of Science report, *Neurons to Neighborhoods*, showed that brain development is most rapid during the first five years of life. Other studies have demonstrated that the benefits of childcare last well into adolescence. Interruptions in care reduce benefits for individual children, with a long-term societal impact.

The rough terrain of childcare doesn't work very well for employers, either. Employers in low-wage sectors can have significant numbers of workers with childcare assistance. Around the level of the cliff, some find it hard to move experienced workers into higher positions. Some are finding what they thought was a skills gap is actually a problem in getting and keeping adequate childcare.

Access to consistent, quality childcare is essential to children, families, communities, and our economy. Yet today's economy has far too many low-wage jobs that leave families unable to access high-quality childcare. With these low wages, everyone has to work, including both parents and other family members who might once have assisted with childcare. Public policy needs to support low-wage working families in a way that contributes to stability and supports early learning. Key steps the legislature could take include:

- **Increase the income ceiling.** To reduce the earnings cliff, the income ceiling should be extended to the self-sufficiency level by family size and county of residence.
- **Accept children for 12 months at a time regardless of changes in family income or employment.** This allows children to stay in one center, to build a platform of trust, and to start learning. It helps pressed caseworkers, eases financial and other stress of parents and helps teachers stabilize a classroom for sustained learning.
- **Allow childcare providers to presume eligibility for public childcare assistance.** Under Ohio law, approval for childcare assistance may take 30 days, but the parent needs the care, and the center needs the customer.
- **Increase the income level for initial eligibility.** Let families qualify for assistance until they earn enough to be self-sufficient. That way if a parent changes jobs, shifts, or gets sick, she can hire back in at the level where she left off.