



Shared Prosperity, Thriving Ohioans

## Child Care: 2022-23 State Budget Review

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***Policy Matters Ohio recommendation:*** Lawmakers can make child care more affordable and accessible for working families by increasing initial eligibility for publicly funded child care up to 200% of the federal poverty level (\$43,920 or \$21.12 an hour for a family of three).

***Outcome:*** Lawmakers raised initial eligibility for publicly funded child care up to 142% of the federal poverty level (\$31,183 or \$14.99 an hour for a family of three). This is a step in the right direction, but much more is needed to make high quality child care affordable for all who need it. Lawmakers also removed requirements for child care providers that serve publicly funded children to improve quality over time and be rated as high quality by 2025.

Every child deserves to be safe, healthy, and nurtured. All parents, no matter how much money they make, deserve to go to work with the assurance that their kids have a safe, nurturing place to be. Child care helps parents — particularly moms — to go to work while providing children with a strong foundation to thrive in school.

State leaders haven't devoted the resources to ensure all parents can afford child care or to properly compensate child care professionals. Even before COVID-19, thousands of families could not afford high-quality child care. The average annual cost of tuition for an infant at a child care center in Ohio is \$10,009, which is comparable to the average cost of tuition at public four-year university.<sup>1</sup> In addition, only 41% of all children in Ohio started kindergarten ready to learn in the 2018-19 school year.<sup>2</sup> The median wage of child care workers in Ohio is just \$10.90 an hour.<sup>3</sup> Ninety-five percent of child care workers are women who are disproportionately Black and brown.<sup>4</sup> Simply put, child care is under-resourced in Ohio.

The recently passed two-year budget makes some modest improvements around affordability and access, but takes steps in the wrong direction regarding child care quality. There are some new federal dollars, but no additional state (General Revenue Funds - GRF) support. There's a 17.6% increase in the federal Child Care line item compared to 2020-21 investment. There's also a 21.4% increase for child care in the TANF services framework

<sup>1</sup> "Price of Child Care in: Ohio," Child Care Aware of America, accessed on September 7, 2021, <https://bit.ly/38Kzrly>

<sup>2</sup> "2018-2019 Annual Report on the Kindergarten Readiness Assessment," Office of Early Learning and School Readiness, Ohio Department of Education, accessed on September 7, 2021, <https://bit.ly/3nffT7Z>

<sup>3</sup> Median hourly wage of Childcare Workers in Ohio, "May 2020 State Occupational Employment and Wage Estimates: Ohio," U.S. Bureau of Labor Statistics, U.S. Department of Labor, <https://bit.ly/3n9xPki>

<sup>4</sup> "The Workforce Behind the Workforce," Groundwork Ohio, October 2020, <https://bit.ly/3n8tvll>



proposed for 2022-23 as compared to 2020-21. The federal Child Care line item increase is primarily due to one-time federal COVID-19 relief dollars, and the change in TANF is a result of underspending in child care in state fiscal year 2020.

Increase in federal funding for child care						
2022-2023 state budget (millions of dollars)						
Line Item	Source	Program	2020-21 Actuals	2022-23 Appropriation	Change	Percent Change
600617	Federal	Child Care	\$856.5	\$1,007.0	\$150.5	17.6%
600689	Federal	TANF - child care *	\$612.5	\$743.8	\$131.3	21.4%
600413	GRF	Child Care State MOE	\$166.9	\$166.9	\$0.0	0.0%
600535	GRF	Early Care & Education	\$281.8	\$282.6	\$0.8	0.3%
<b>Total</b>			<b>\$1,917.7</b>	<b>\$2,200.3</b>	<b>\$282.6</b>	<b>14.7%</b>

Sources: Main Operating Budget - HB 110, Final Budget, Appropriation Spreadsheet (with FY 2021 actual expenditures), Ohio Legislative Service Commission (LSC), <https://bit.ly/3xEoRQy>. \* Note: Temporary Assistance for Needy Families (TANF - child care) line item includes estimates from SFY 2020 through SFY 2024, taken from Publicly Funded Child Care expenses in the TANF Program Services Framework for SFY 2022-23, Ohio Department of Job and Family Services (ODJFS), <https://bit.ly/3cQ0rbJ>.

### How will these funds impact child care in Ohio?

The budget will make child care more affordable and accessible for some working families by boosting initial eligibility for publicly funded child care from 130% to 142% of the federal poverty level.<sup>5</sup> A single mom with two children working full time at \$13.75 an hour made too much money to enroll for a public subsidy for child care when eligibility was set at 130% of the federal poverty level. Now, a family of three can work full-time at \$14.99 an hour or less and qualify for publicly funded child care. The budget also expands access to publicly funded child care to families with children who have special needs making from 130% up to 150% of the federal poverty level.

This change will allow a family of three with annual income of \$31,183 to qualify for support; altogether, it will expand access to an estimated 6,000 children across Ohio. In addition, an estimated 250 children with disabilities will receive the care, supervision, and developmental opportunities they need.

Lawmakers also made changes to Step Up to Quality, the child care quality rating system in Ohio. The goal of Step Up to Quality is to ensure all children have high-quality child care. Child care providers that receive state funding previously were required to meet a series of benchmarks for quality improvement, including a requirement to be rated by July 2020 and to be rated at or above 3 stars by 2025. Senate leaders removed the requirement for all providers to be at or above 3 stars by 2025, eliminating the mandate for child care providers to improve quality over time. The General Assembly also created a study community to look at Step Up to Quality and the Publicly Funded Child Care program. The committee will hold hearings and release a final report by December 1, 2022.<sup>6</sup>

Lawmakers included some guardrails on federal COVID relief dollars for child care. They earmarked \$50 million from the Consolidated Appropriations Act (the federal COVID relief package passed in December 2020) to provide co-payment assistance for families participating in publicly funded child care. They earmarked federal COVID relief dollars that

<sup>5</sup> Blaine, Nicholas J., Sherrock, Ryan, "Greenbook: LBO Analysis of Enacted Budget, Department of Job and Family Services," C1:2: Child Care, Eligibility, Ohio Legislative Service Commission, August 2021, <https://bit.ly/3iOJMKj>

<sup>6</sup> Blaine, Nicholas J., Sherrock, Ryan, "Greenbook: LBO Analysis of Enacted Budget, Department of Job and Family Services," PFCC and SUTQ Program Evaluation, Ohio Legislative Service Commission, August 2021, <https://bit.ly/38MegaWO>



hadn't been appropriated to stabilize child care providers, strengthen workforce recruitment and retention, and increase families' access to child care. Policy Matters Ohio plans to monitor the study committee as well as prioritization of federal relief dollars meant to stabilize families and child care providers and strengthen the child care workforce.

State lawmakers must make child care affordable for all who need it in the next state budget. Even with the boost in initial eligibility for publicly funded child care, a single mother of two earning \$15 an hour spends over half her income on child care, but makes too much to qualify for public support. State lawmakers can make child care affordable for her by expanding initial eligibility for publicly funded child care from 142% to 200% of the federal poverty level. This would help more parents participate in the workforce and better prepare our children for the future.