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## BUDGET BITE: PUBLIC CHILD CARE AND EARLY EDUCATION

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#### INTRODUCTION

While Ohio's economy has stabilized since the Great Recession, more than [450,000 Ohio children lived below the official poverty line in 2017](#). Too many new parents are struggling to afford the rising cost of the basics – like food, transportation, housing, child care and health care. Children who experience poverty and food insecurity are more likely to face toxic stress and have poor education, health, and employment outcomes.

One way to improve opportunities for Ohio's children is to increase public investment and participation in high quality public child care and early education. From cradle to career, Ohioans need an education that prepares them for the future. We can give more kids a strong start by making sure working families can afford high quality child care and early education.

#### CHALLENGES - AFFORDABILITY, ACCESS, WAGES, AND QUALITY

Unfortunately, many working parents can't afford child care. In 2017, [six of Ohio's 10 most common jobs paid so little that a typical worker earned less than \\$26,000](#) (\$12.50 an hour). For a mother working this type of job, child care can cost up to half her income, leaving little money in the family budget for other necessities. The current eligibility level for public child care is also a barrier for working parents. Only [parents making less than 130% of the poverty level \(\\$27,024](#) for a family of three) can access public support for child care. Indiana and Michigan are [the only states that make it harder to qualify for support](#).

The number of public child care services is shrinking in many places because of insufficient state funding. Currently, over [38% of families in Ohio live in child care deserts](#), meaning they live in a community that lacks an adequate supply of licensed child care providers. This happens because parents can't afford to pay what providers need to operate a quality program. Operating a safe, high-quality child care program is expensive. According to officials from the Ohio Department of Job and Family Services (ODJFS), 3% of family child care providers in Ohio closed their business between 2016 and 2018. This means fewer child care options for parents.

Workers' wages also impact the quality of child care. The average wage of a child care worker in Ohio is only \$9.86 per hour. Over 90% of the early care and education workforce is made up of women, and [women of color are disproportionately represented](#). Early educators [report high levels of stress related to wages](#). When workers are stressed, the most important aspect of quality – providing a caring, responsive, and nurturing environment for children – can suffer. Low wages also lead to high turnover rates, which impacts quality and expenses for providers.

Part of why workers are underpaid is Ohio’s payment rates (a weekly payment from the state of Ohio to child care providers) are [far below the current market rate](#). Increasing provider rates is a critical strategy to ensure higher wages for child care workers and higher quality of care for Ohio’s children.

### THE 2020-21 STATE BUDGET

This state budget is an opportunity to prepare children to thrive in school, and support parents’ ability to work. The executive budget includes more federal and TANF funding to improve the quality of child care in Ohio. The increase in Child Care Federal support (shown in the chart below) are Child Care Development Block Grant dollars to increase program base rates to the 25<sup>th</sup> percentile of the market rate and to help more child care programs become quality rated and high-quality rated.

The budget also indicates that the eligibility level may rise to 150% of the Federal Poverty Level (about \$32,000 annually for a family of three), but there are no new state dollars allocated to support increased access for public child care and early education. Thus, despite the proposed increase in spending, it’s unlikely that more children and families will be served.

Gov. DeWine’s Proposed State Budget			
Public Child Care and Early Education Funding			
State or Federal Fund	FY 2018-19 Appropriation	FY 2020-21 Appropriation	% Change
Child Care State / Maintenance of Effort	\$166,923,478	\$166,923,478	0.0%
Early Care and Education	\$282,570,482	\$282,570,482	0.0%
Early Childhood Education	\$40,000,000	\$40,000,000	0.0%
Child Care Federal	\$463,000,000	\$663,229,291	42.3%
Publicly Funded Child Care -- TANF	\$443,765,855	\$716,292,157	61.4%
Publicly Funded Child Care - TANF MOE	\$354,438,967	\$349,678,368	-1.3%

Sources: Ohio Legislative Service Commission. Redbook analysis of the executive budget proposal, ODJFS, available at <https://bit.ly/2lBbd8e>, accessed on April 18, 2019. TANF line items from ODJFS testimony attachment, April 3, 2019.

One major cause for concern is long-term sustainability of the child care system. The Publicly Funded Child Care line item in the ODJFS TANF services budget falls to \$354.0 million over FY 2024-25, a 50% decrease from the \$716.3 million in the proposed FY 2020-21 budget. Legislators must [develop a stable source of long-term revenue](#) to maintain and strengthen the program over time.

### RECOMMENDATIONS

**Improve quality and worker wages:** Ohio needs to increase reimbursement rates to help pay for the actual cost of quality child care and ensure parents have options. Part of ensuring high quality care is investing in Ohio’s public child care workforce by paying adequate wages. While the rate update is an important first step, the child care system needs additional investments to improve quality and build a skilled, sustainable workforce.

**Increase access and affordability:** We can raise the eligibility for public child care support to 200% of the Federal Poverty Level (\$32,920 for a family of two). This would give children a strong foundation to thrive in school, make care affordable for parents, and support more participation in Ohio’s workforce.