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Budget

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## **Bolster support for child care to stabilize Ohio**

Federal relief is needed now to ensure parents have a safe place for their kids

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## Introduction

The COVID-19 pandemic has had a disastrous impact on the child care industry in Ohio and across the nation, including layoffs, closures and major declines in enrollment. Child care providers need federal relief now to prevent additional closures. Working families are also experiencing hardships, managing work and caregiving. Mothers, in particular, take on the majority of caregiving labor. With schools closed and limited child care and summer camp options, mothers have had to take on additional child care responsibilities. Moms' increased caregiving during COVID-19, the decreasing supply of child care options, and the lack of public support could impact women's ability to get back to work and their earnings and employment long-term.

As Gov. Mike DeWine allows Ohio businesses to re-open, parents are returning to work and child care providers are re-opening their doors. Many child care providers closed during the shutdown and some remain closed due to a steep decline in enrollment and additional costs associated with new COVID-19 related health and safety regulations. Providers that have been able to reopen will likely operate in the red for several months due to lower enrollment because of parental concerns about their kids' safety, the increased costs of Personal Protective Equipment (PPE), and other health and safety measures, such as smaller staff-to-child ratios.

Congress must take action to meet the needs of children and families and ensure child care providers can survive this crisis.

## COVID-19 and child care

On March 12, Gov. DeWine announced the closure of K-12 schools beginning March 16.<sup>1</sup> In the following days, DeWine ordered the closure of restaurants, bars, movie theatres, gyms, and child care facilities.

The pandemic caused widespread layoffs and closures. Over 1.36 million Ohioans filed unemployment claims between March 15 and June 20, 2020. The total number of claims over those 13 weeks is more than the total jobless claims filed during the last three years combined.<sup>2</sup>

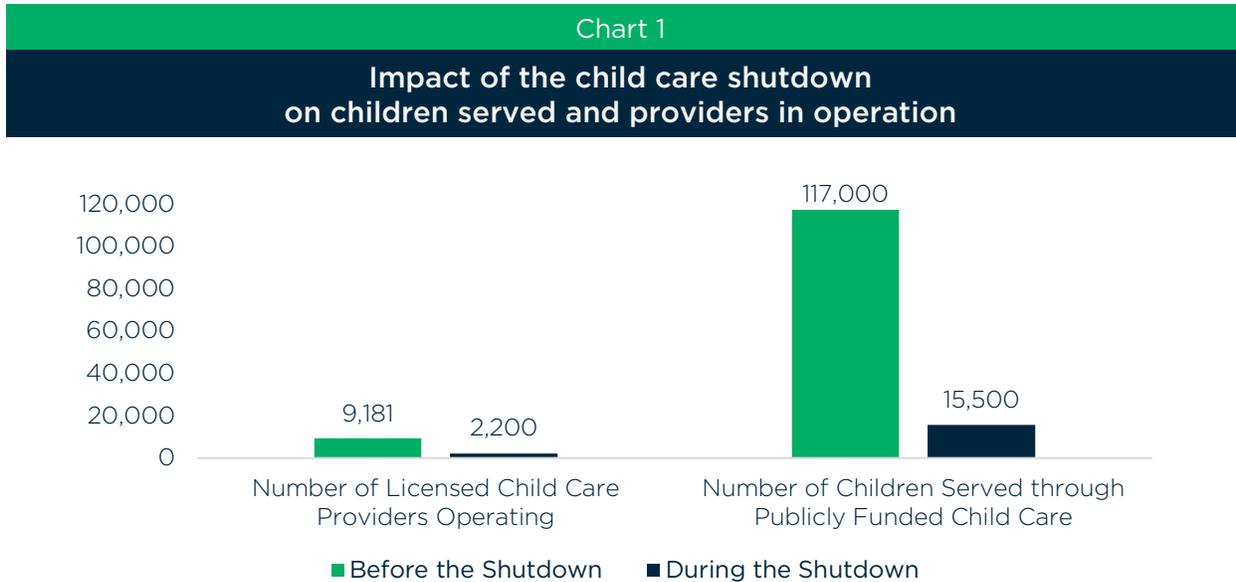
The shutdown had a massive impact on the child care industry. In April, 336,200 child care workers were laid off across the nation.<sup>3</sup> Chart 1 highlights a 75% decline in licensed child care providers operating in Ohio, from 9,181 providers before COVID-19 down to roughly 2,200 child care providers operating with the temporary Pandemic Child Care

<sup>1</sup> "Governor DeWine Announces School Closures," Press Release, Governor Mike DeWine, March 12, 2020, <https://bit.ly/3qafXz1>

<sup>2</sup> "Ohio Jobless Claims for Sunday, June 14, through Saturday, June 20, 2020," Press Release, ODJFS, June 25, 2020, <https://bit.ly/3eK57PX>

<sup>3</sup> "The Employment Situation—April 2020," Press Release, Bureau of Labor Statistics, U.S. Department of Labor, May 8, 2020, <https://bit.ly/2BfB1FM>

Provider license. The number of children served through Publicly Funded Child Care decreased a whopping 87% from 117,000 before the pandemic to roughly 15,500 children during the necessary stay at home order.<sup>4</sup>



*Source: Estimates of 2,200 pandemic child care providers and number of children served (before and during the shutdown) from Lynanne Gutierrez, Groundwork Ohio, “How COVID-19 has impacted Child Care in Ohio,” Center for Community Solutions and Advocates for Ohio’s Future webinar, June 26, 2020, <https://bit.ly/3io707h>. Number of providers before the shutdown includes center-based and home-based providers from “2019 State Child Care Facts in the State of Ohio,” Child Care Aware of America, 2019, <https://bit.ly/2VFIK6U>*

As the crisis unfolded, child care stakeholders shared their experiences through a survey administered by The Center for Community Change and the Ohio Organizing Collaborative. Table 1 highlights that nearly all providers who responded, 99%, were affected by COVID-19 and the child care closure. Some 76% of respondents closed due to the state order, a decline in enrollment (families keeping their children at home), or due to health and safety concerns.

<sup>4</sup> Estimates of 2,200 pandemic child care providers and number of children served (before and during the shutdown) from Lynanne Gutierrez, Groundwork Ohio, “How COVID-19 has impacted Child Care in Ohio,” Center for Community Solutions and Advocates for Ohio’s Future webinar, June 26, 2020, <https://bit.ly/3io707h>. Number of providers before the shutdown includes center-based and home-based providers from “2019 State Child Care Facts in the State of Ohio,” Child Care Aware of America, 2019, <https://bit.ly/2VFIK6U>

Table 1

**Nearly all Ohio child care providers were affected by COVID-19**

Child care provider status between May 1 & May 12 (during shutdown)	% of survey respondents
Closed because of a state order	67%
Only open to provide care to children of essential workers	16%
Closed by choice because of concerns about health and safety	6%
Open but with fewer regularly enrolled children	4%
Open with a combination of regularly enrolled children and children of essential workers	3%
Closed because families are keeping their children at home	3%
Open with no changes related to the pandemic	1%

Source: Results from a survey administered by the Center for Community Change and the Ohio Organizing Collaborative from May 1 through May 12, 2020. The survey received 129 responses from the following stakeholders: owner of child care center (21 respondents), owner of home-based child care program (25 respondents), teacher or support staff at a child care center (45 respondents), teacher or support staff at a pre-k program (9 respondents), teacher or support staff at a Head Start program (4 respondents), informal care provider for a family member, friend or neighbor (5 respondents), or other (9 respondents).

The survey also highlights the economic adversity child care providers and workers experienced during the shutdown, including layoffs and furloughs within the child care workforce. In Ohio, as in the rest of the nation, layoffs were very high. Table 2 indicates that 59% of respondents reported having been laid off or furloughed. An additional 17% continued to work but saw a decrease in their pay or program revenue.

Table 2

**Ohio child care workers face economic adversity**

Personal impact	% of survey respondents
I was laid off by my program	41%
I am still working and my income hasn't changed	20%
I was furloughed by my program	18%
I am still working but getting paid less than before the crisis / My program has lost revenue	17%
I am still working and getting paid more (because of emergency or hazard pay)	4%

Source: Results from a survey administered by the Center for Community Change and the Ohio Organizing Collaborative from May 1 through May 12, 2020. The results shown reflect multiple-choice responses from 99 respondents. A furlough is a mandatory, temporary unpaid leave, reduction in hours, or pay cut. The main difference between a layoff and a furlough is that a furlough is intended to be temporary, while a layoff is permanent.

The child care closure threatened the solvency of many child care providers in Ohio. One respondent, an owner of a child care center, said, “We laid off around 70 employees and have kept about 15 leadership staff on payroll. We are stressed and worried about the business, our teaching staff, and our children and parents.” An owner of a home-based child care center reported, “With no income for this long, I may have to close permanently and try to find other work.”

The National Association for the Education of Young Children (NAEYC) surveyed over 6,000 center- and home-based child care providers across the nation to better understand the impact a closure without public support would have on child care programs.<sup>5</sup> Only 11% of providers were confident they could survive a closure without public funding. 63% of respondents reported that without public support to help pay rent and compensate staff, they may have to close permanently.

Since physical distancing measures will likely remain necessary for the foreseeable future, Ohio is at risk of losing a significant portion of its child care providers. The Center for American Progress estimates that if child care providers in Ohio don't receive adequate public support, Ohio could lose over 204,000 child care slots, which is 45% of the current child care supply in the state.<sup>6</sup> State and federal lawmakers need to direct public resources toward the child care industry, to ensure parents have child care options through the pandemic.

## State and federal response

As the pandemic emerged in Ohio, Gov. DeWine acted quickly to try to slow the spread of COVID-19. He ordered all child care facilities to close as of March 26. The Ohio Department of Job and Family Services (ODJFS) began providing weekly closure payments to providers who had to close to prevent them from going out of business.<sup>7</sup> At the same time, ODJFS created a new temporary pandemic child care center license, which providers could apply for.<sup>8</sup> The main purpose of pandemic child care centers was to make sure parents providing health, safety, and other essential services could continue to work and know their children would be safe and cared for.

The state released new guidance for parents and child care providers for the re-opening of child care on May 31.<sup>9</sup> The new rules are intended to keep children, parents, and child care workers safe by limiting parent interaction during drop off and pick up and reducing the ratio of staff to children. The new ratios have created financial challenges for providers: They now serve fewer children in the same space and more staff are required to provide care. Prior to the pandemic, state regulations required one teacher for every seven toddlers; the COVID-19 regulations require one teacher for every six toddlers (Table 3). This means child care providers will need to hire more teachers to serve the same number of children they served before the pandemic, or serve fewer children.

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<sup>5</sup> "Child Care in Crisis: Understanding the Effects of the Coronavirus Pandemic," National Association for the Education of Young Children (NAEYC), March 17, 2020, <https://bit.ly/2ZodF8K>

<sup>6</sup> Jessen-Howard, Steven and Simon Workman, "Coronavirus Pandemic Could Lead to Permanent Loss of Nearly 4.5 Million Child Care Slots," Center for American Progress, April 24, 2020, <https://ampr.gs/3ihmlkm>

<sup>7</sup> The order created 21 "pandemic days" per fiscal year to provide a daily payment to child care providers (with Publicly Funded Child Care children) that had to close due to the pandemic. It also gave providers an additional 10 absent days (a total of 20 days over six months) per publicly funded child, paid for by the state of Ohio. The closure payments provided revenue based on a typical week of attendance of publicly funded children. Hall, Kimberly, Child Care Manual Procedure Letter No. 150, "Temporary Procedures to Address the Coronavirus (COVID-19) Pandemic," ODJFS, March 13, 2020, <https://bit.ly/38aizyr>

<sup>8</sup> "ODJFS Implements Emergency Child Care Measures during COVID-19 Pandemic," Press Release, ODJFS, March 17, 2020, <https://bit.ly/3a9JGlR>

<sup>9</sup> Hall, Kimberly, Child Care Manual Transmittal Letter No. 25, "Reopening Child Care Operations Following the Response to the Coronavirus Pandemic," ODJFS, June 1, 2020, <https://bit.ly/2YMkVwJ>

Table 3		
Reduced ratios and class sizes		
	Pre-pandemic staff-to-child ratios	New staff-to-child ratios
Infant	1:5 or 2:12	1:4 or 2:6
Toddler	1:7 or 2:14	1:6
Preschooler	1:12 or 2:24	1:9
School-age	1:18 or 2:36	1:9

Source: Hall, Kimberly, *Child Care Manual Transmittal Letter No. 25, "Reopening Child Care Operations Following the Response to the Coronavirus Pandemic,"* ODJFS, June 1, 2020, <https://bit.ly/2YMkVwi>

(CCDBG) funding for states to support pandemic child care providers and provide assistance to providers impacted by decreased enrollment or closures related to COVID-19. Of the \$3.5 billion, Ohio received \$117.4 million, which is nowhere near enough to meet the immense need.<sup>11</sup>

Ohio used roughly half of the CCDBG funds to support pandemic child care providers.<sup>12</sup> ODJFS is using the other half (\$60 million) to support child care providers that re-open through a grant program, "Pandemic Support Payment Grants." These grants provide funding for Personal Protective Equipment (PPE) and other health and safety costs, as well as new costs associated with the lower ratio requirements.<sup>13</sup> ODJFS launched the grant program at the beginning of June for all child care providers, private and public, and advocates anticipate all the additional CCDBG money (from the CARES Act) will be spent by the end of July.<sup>14</sup>

The DeWine administration should appropriate an additional \$60 million to help stabilize child care providers and prevent permanent closures and an even greater shortage of child care by continuing the grant program. As of July 1, the state of Ohio still had over \$2.1 billion in federal funding available to distribute to agencies responding to COVID-19.<sup>15</sup>

The federal government provided emergency measures for small businesses, such as small business loans through the Paycheck Protection Program (PPP). PPP loans were intended to help cover payroll and expenses during the shutdown. The loans were fully forgivable as long as all employees are kept on payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.<sup>16</sup> While PPP loans provided short-term relief to some providers, many child care providers were unable to apply for or

Groundwork Ohio estimates that the new ratios could mean a 30% to 50% decrease in capacity.<sup>10</sup> The likely outcome is that many families will not have child care, hurting their ability to go back to work.

The federal government also responded, albeit insufficiently. The CARES Act allocated \$3.5 billion in emergency Child Care Development Block Grant

<sup>10</sup> Gutierrez, Lynanne, "Child Care in Crisis: Responding to the COVID-19 Pandemic," Groundwork Ohio, Ohio Legislative Children's Caucus COVID-19 Webinar Series, May 22, 2020, <https://bit.ly/2NHm9Te>

<sup>11</sup> "2020 CARES Act CCDBG Supplemental Funding Allocations for States and Territories," Office of Child Care, Administration for Children and Families, U.S. Department of Health & Human Services, April 15, 2020, <https://bit.ly/2X5mlig>

<sup>12</sup> Fund / Appropriation Request to the State of Ohio Controlling Board, Child Care Federal, \$118 million Increase in Child Care Federal, Kimberly Hall, ODJFS, April 6, 2020, <https://bit.ly/38brMlK>

<sup>13</sup> Hall, Kimberly, *Child Care Manual Procedure Letter No. 25, "Pandemic Support Payments: Child Care,"* ODJFS, May 28, 2020, <https://bit.ly/2BMO69k>

<sup>14</sup> Gutierrez, Lynanne, Groundwork Ohio, "How COVID-19 has impacted Child Care in Ohio," Center for Community Solutions and Advocates for Ohio's Future webinar, June 26, 2020, <https://bit.ly/3io707h>

<sup>15</sup> "Unappropriated State Share of Federal COVID Money Totals Over \$2.1B," Hannah News Service, July 1, 2020, <https://bit.ly/3f3aF8z>

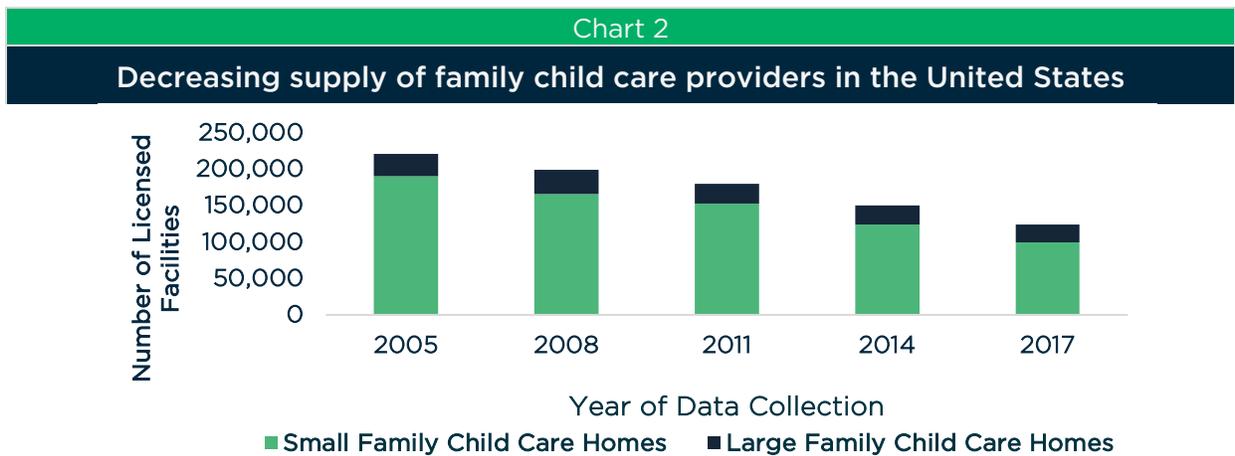
<sup>16</sup> "Paycheck Protection Program," U.S. Small Business Administration (SBA), <https://bit.ly/3qa2Z4I>

receive a loan. Moreover, a one-time loan is not a long-term solution to address the structural challenges in the child care system.<sup>17</sup> The child care system needs direct, flexible funding now.

## Parents need affordable options

The child care system before the COVID-19 crisis started was fractured and under-resourced. Many families could not afford high-quality child care, there weren't enough spots available, and most child care providers operated on profit margins too slim to pay workers a living wage and sustain their business. This critical sector, which helps prepare our children for school and enables parents with young children to work, is needed now more than ever to help the economy recover.

Parents have always experienced difficulty finding a spot for their child with a child care provider they trust, in part due to a lack of supply. Chart 2 highlights the declining supply of home-based child care providers: over 97,000 licensed home-based child care providers closed between 2005 (when there were 220,969 home-based providers) and 2017 (123,837 home-based providers) in the United States.



*Source: Data reported here were collected in the National Association for Regulatory Administration's child care licensing programs and policies surveys for 2005, 2008, 2011, 2014, and 2017, <https://bit.ly/3dNVTkl>*

Studies show that families with low incomes and Black and Latinx parents prefer family child care (home-based child care) to center-based child care, because home-based care is less expensive and can offer more flexibility and cultural alignment. Home-based care can offer more flexibility for parents who work nontraditional hours. Home-based settings can also provide convenience in rural settings where distance and

<sup>17</sup> According to CLASP, many banks did not accept applications from customers without an existing small business account. This left out providers that don't have bank accounts or that haven't been eligible or had a need to borrow money in the past. Ullrich, Rebecca. "Small Business Loans Aren't the Answer for Child Care," Center for Law and Social Policy (CLASP), April 8, 2020, <https://bit.ly/3ihnQEE>

transportation can be barriers to care. The decline in home-based options creates challenges for families with low incomes in both rural and urban areas.<sup>18</sup>

Many families struggle to find child care close to home; 51% of Americans in 2018 lived in neighborhoods classified as “child care deserts,” with limited or no access to quality child care.<sup>19</sup> In Ohio, 39% of families live in a child care desert, highlighting that distance from a child care provider can be a major barrier for families.<sup>20</sup>

Parents also struggle to afford quality child care. The average cost of center-based infant care in Ohio is \$10,009 in 2019.<sup>21</sup> The U.S. Department of Health and Human Services states that affordable child care should be no more than 7% of family income.<sup>22</sup> In Ohio, center-based care for one infant is 18% of the median household income and 32% of the median per capita income, well over the 7% affordability standard, as detailed in Table 4. Parents with more than one young child face even higher costs in center-based and home-based child care options.

Table 4					
The cost of child care in Ohio is unaffordable					
7% of median family income is the affordability standard					
		% of Income Spent on Child Care			
	Total median income	Center-based care for one infant (\$10,009 / year)	Center-based care for an infant and a 4 year old (\$18,267 / year)	Home-based care for one infant (\$7,592 / year)	Home-based care for an infant and a 4 Year Old (\$14,038 / year)
Ohio median household income	\$56,111	18%	33%	14%	25%
Ohio median family income	\$72,028	14%	25%	11%	19%
Ohio median per capita income	\$31,293	32%	58%	24%	45%

Source: Average cost of center-based care for one infant and for an infant and a 4 year old from “Price of Child Care in Ohio,” Child Care Aware of America, <https://bit.ly/2BRqCic>. Total median income numbers from the American Community Survey, 2018, data.census.gov, <https://bit.ly/31r9LI1>. Note: A family consists of two or more people related by birth, marriage, or adoption residing in the same housing unit. A household may consist of a person living alone or unrelated individuals or families living together.

Some parents decide to leave the workforce as a result of the high cost of care. Mothers are often the ones who make that compromise. Women disproportionately work low-wage jobs with challenging hours and inconsistent schedules.<sup>23</sup> Many of these mothers struggle to find child care that aligns with their work schedules.<sup>24</sup> Research shows that

<sup>18</sup> “Addressing the Decreasing Number of Family Child Care Providers in the United States,” National Center on Early Childhood Quality Assurance, Oct 2019, <https://bit.ly/2BHZsvv>

<sup>19</sup> Malik, Rasheed, Hamm, Katie, Schochet, Leila, Novoa, Christina, Workman, Simon, and Jessen-Howard, Steven, “America’s Child Care Deserts in 2018,” Center for American Progress, December 2018, <https://ampr.gs/2CNhxsd> - Note: Child Care Aware of America defines child care deserts as “areas or communities with limited or no access to quality child care.”

<sup>20</sup> “Early Learning 2019 – Ohio,” CAP, <https://ampr.gs/2VsDraK>

<sup>21</sup> “The US and the High Price of Child Care: 2019,” Child Care Aware of America, <https://bit.ly/31vWTHu>

<sup>22</sup> “Child Care and Development Fund (CCDF) Program,” Federal Register, Vol. 81, No. 190, Rules and Regulations, Department of Health and Human Services, Administration for Children and Families, September 30, 2016, <https://bit.ly/2NGvDOA>

<sup>23</sup> Gelatt, Julia, “Who Minds the Kids When Mom Works a Nonstandard Schedule?” Urban Institute, 2015, <https://urban.is/3qzIH4t>

<sup>24</sup> Henly, Julia R. and Adams, Gina, “Insights on Access to Quality Child Care for Families with Nontraditional Work Schedules” Urban Institute, 2018, <https://urban.is/3ISXPEX>



policies that reduce the cost of child care and increase access have positive effects on maternal workforce participation and work hours.<sup>25</sup>

## Child care workers need a raise

While the cost is far too high for families, the child care system is built on low-wage labor performed by women and disproportionately Black and Hispanic women. In addition to providing the majority of unpaid caregiving within families, women comprise the vast majority of the early care and education workforce, 40% of whom are women of color.<sup>26</sup> The median wage of child care workers in Ohio is just \$10.65 an hour (Table 5). Despite performing the essential role of loving and caring for our children and providing parents the opportunity to stay in the workforce, the low wages reflect how our lawmakers undervalue this critical work.

**Table 5**

**Child care workers and preschool teachers are paid poorly in Ohio**

	Median hourly wage	Median annual salary
Child care workers	\$10.65	\$22,160
Preschool teachers	\$13.06	\$27,170
Kindergarten teachers	NA*	\$57,460
Elementary school teachers	NA*	\$64,470
Civil engineers	\$38.20	\$79,460

Source: U.S. Bureau of Labor Statistics, *Occupational Employment Statistics*, "May 2019 State Occupational Employment and Wage Estimates," <https://bit.ly/3ilb6NF>

\* Occupational Wage Survey data do not give median hourly wage for kindergarten and elementary school teachers because teachers' summer sessions - in which work responsibilities vary across districts - make it difficult to calculate hours worked.

Preschool teachers fare somewhat better, earning a median hourly wage of \$13.06 in Ohio. The median annual salary of kindergarten teachers in Ohio is \$57,460, which is more than 2.5 times higher than the median annual salary of child care workers, \$22,160. Teachers, who are also underpaid, have a higher median wage because they have a union and the ability to collectively bargain.

The child care industry is failing to sustain itself and its workers in the current public health and economic crisis. Most providers operate on razor-thin profit margins and barely cover their operating costs in good times.<sup>27</sup> The market will not and cannot solve this problem: Public action and support is needed. Lawmakers need to take action to

<sup>25</sup> Schochet, Leila, "The Child Care Crisis is Keeping Women Out of the Workforce," Center for American Progress, March 2019, <https://ampr.gs/2O4Z7FW>

<sup>26</sup> Austin, Lea J. E., Edwards, Bethany, Chavez, Raul, Whitebrook, Marcy, "Racial Wage Gaps in Early Education Employment," Center for the Student of Child Care Employment, University of California, Berkeley, Dec. 2019, <https://bit.ly/2BqacaT>

<sup>27</sup> Workman, Simon, "Where Does Your Child Care Dollar Go?" Center for American Progress, Feb 2018, <https://ampr.gs/2AipLrC>

provide a living wage for child care workers and make the necessary public investments to help families afford high-quality care.<sup>28</sup>

Ohio can improve wages for child care workers by increasing the minimum wage to \$15 by 2023.<sup>29</sup> A new minimum wage policy would increase the overall cost of child care for parents and providers, so Ohio would also need to increase public funding to ensure parents can afford care and providers stay in business as wage levels increase.<sup>30</sup> This means Ohio would need increase public investment to make child care more affordable for working parents by expanding access to Ohio's Publicly Funded Child Care (PFCC) program—a subsidy to help pay for child care—and by increasing reimbursement rates to reflect the projected costs for child care providers.

## Ohio caregivers need support now

The state and federal government also have a critical role in helping parents with the costs of care. The state of Ohio helps working families with very low incomes offset the high cost of child care through the PFCC program, which is funded through a combination of state and federal dollars.<sup>31</sup> ODJFS reimburses child care providers weekly. Weekly reimbursement rates vary based on family income, type of provider, the child's age, the amount of time the child receives services each week, and the location of the provider. In 2019, Ohio issued just over \$697.7 million to help parents afford child care, which comes to an estimated average subsidy of \$497 per child per month.<sup>32</sup>

The assistance Ohio provides for child care, however, excludes many working families with low and moderate incomes. Ohio lawmakers set initial eligibility for PFCC at or below 130% of the Federal Poverty Level (FPL)—just \$27,729 for a family of three—which excludes parents with incomes between 131% and 200% of the FPL from accessing support.<sup>33</sup> Only two states (Michigan and Indiana) make it harder to qualify for support compared to Ohio, while Alaska helps parents making up to 290% of the FPL (\$61,872 a year for a family of three) afford child care, as detailed in Chart 3.<sup>34</sup>

<sup>28</sup> Whitebook, Marcy, Phillips, Deborah, and Howes, Carollee, "Worthy of Work, STILL Unlivable Wages: The Early Childhood Workforce 25 Years after the National Child Care Staffing Study," Center for the Study of Child Care Employment, University of California, Berkeley, 2014, <https://bit.ly/31qLf0A>

<sup>29</sup> Shields, Michael, "\$15 minimum wage would improve incomes, increase equity," Policy Matters Ohio, Feb 2019, <https://bit.ly/2ZDfQpg>

<sup>30</sup> Thomason, Sarah, Austin, Lea J.E., Bernhardt, Annette, Dresser, Laura, Jacobs, Ken, and Whitebook, Marcy, "At the Wage Floor: Covering Homecare and Early Care and Education Workers in the New Generation of Minimum Wage Laws," Center for the Study of Child Care Employment, (UC, Berkeley), Center for Labor Research and Education (UC, Berkeley), and COWS (UW-Madison), 2018, <https://bit.ly/31NTeoO>

<sup>31</sup> PFCC is funded through the CCDBG (federal), the Temporary Assistance for Needy Families (the federal TANF program), the Child Care State/Maintenance of Effort (GRF), and the Early Care and Education (GRF) line item. Blaine, Nicholas J., "Greenbook: LBO Analysis of Enacted Budget, Department of Job and Family Services," Legislative Budget Office of the Legislative Service Commission, August 2019, <https://bit.ly/2ZOMZMt>

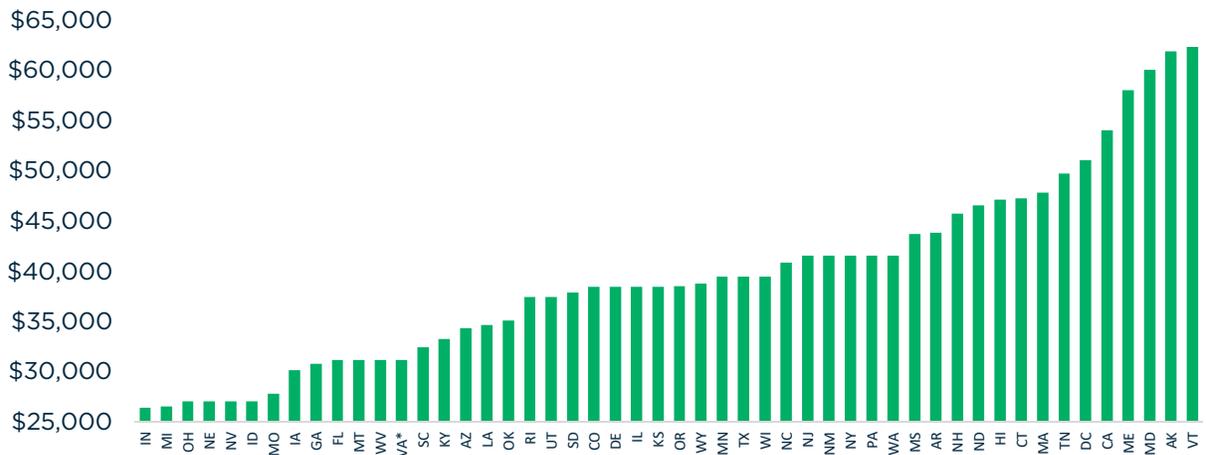
<sup>32</sup> \$697.7 million is the sum of monthly issuances for PFCC between January 2019 and December 2019, Public Assistance Monthly Statistics (PAMS) Report, <https://bit.ly/2Z0OdY5>; average monthly subsidy is based on 117,000 PFCC children

<sup>33</sup> Hall, Kimberly, Child Care Manual Procedure Letter No. 130, "2019 Update to Child Care Income Eligibility Standards," September 30, 2019, Ohio Department of Job and Families Services (ODJFS), <https://bit.ly/2VvOYba>

<sup>34</sup> Parents can be accepted into the PFCC program if their income is at or below 130% of the Federal Poverty Level (FPL). Once in the program, they can remain as their earnings increase up to 300% of FPL if they remain employed without a break of more than three months. However, if parents are laid off or out of work for more than three months, they have to start over at the bottom of the wage scale (at or below 130% of FPL) to regain aid.

Chart 3

**Income eligibility limits for a family of three in 2019  
Ohio excludes families above 130%**



Source: Schulman, Karen, "Early Progress: State Child Care Assistance Policies 2019," *The National Women's Law Center*, 2019, from Table 1a: Income Eligibility Limits for a Family of Three in 2018 and 2019, <https://bit.ly/3gribvm>

A single mother from Dayton with an infant and a 4 year old, who works full time as social worker at \$15 an hour (\$31,200 per year) earns too much to qualify for support. She would have to spend 59% of her income for child care at a licensed child care center (or 45% of her income for home-based child care), leaving little for other basic necessities, like food, rent and medicine.

State lawmakers need to raise eligibility to 200% of the FPL (\$42,660 for a family of three) to make child care more affordable for more working parents. Expanding eligibility from 130% to 150% of the FPL would mean an additional 67,400 children could get child care in Ohio and 12,100 children could be lifted out of poverty.<sup>35</sup> Our state can give more children a strong start by making sure working families can afford high-quality child care.

The lack of support for child care and for working families was one of the glaring challenges that became clear and was exacerbated as the COVID-19 public health crisis emerged. State and federal lawmakers need to address this challenge head-on to support children, families, workers and the economy.

## Federal relief is needed now

The pandemic has caused a major shift in people's lives, work and child care arrangements. Some child care providers remain closed, some are now opened with reduced capacity, and parents are rightly worried about asking grandparents to take on caregiving responsibilities because of the danger of COVID-19. Many child care providers will not be able to survive the next several months without income or with less income

<sup>35</sup> Giannarelli, Linda, Adams, Gina, Minton, Sarah, Dwyer, Kelly, "What if We Expanded Child Care Subsidies?" Urban Institute, June 14, 2019, <https://urban.is/2YHPq6f>

due to low enrollment. Yet children and parents need safe, high-quality, affordable child care, now more than ever. Without timely, bold national action, the child care industry will see substantial closures.

The child care sector was fragile before the pandemic. It has taken a major hit due to the pandemic and the economic fallout. The child care system failed to meet the need and the demand of children and families before COVID-19, and the pandemic has led to even less capacity within the system. Without child care, many parents won't be able to work and the effects will ripple throughout the economy. Only the federal government has the resources and capacity to stabilize the child care industry and prevent more capacity loss.

While Congress provided some support through the CARES Act passed in March, it is nowhere near sufficient to meet the needs of the child care system. In Ohio, the CARES Act funding made available is expected to run out in July. Policy experts project that the U.S. child care system needs at least \$50 billion (\$9.6 billion per month) in flexible stabilization funding to survive this crisis.<sup>36</sup> Child care is a critical part of the nation's economic infrastructure, offering parents a choice to work. Economists argue that an immediate investment of \$50 billion will stabilize the child care industry, prevent more permanent closures, "ensure greater parental employment, [and] save roughly one hundred thousand small businesses."<sup>37</sup>

Congress needs to provide immediate emergency assistance for licensed child care centers and homes. A pending bill, the Child Care Is Essential Act, would provide the child care system with \$50 billion to withstand the crisis. The U.S. House of Representatives also recently passed the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act, which provides \$7 billion for the Childcare and Development Block Grant, double the aid under the CARES Act. While this additional funding would be welcome, it is still far short of what is needed in Ohio and nationally.

## Recommendations

High-quality child care is a central pillar for the healthy growth and development of children. Child care also provides security for families by enabling parents, particularly mothers, to participate in the workforce. This report highlights immediate policy solutions to stabilize the child care industry and ensure parents have child care options as they get back to work. It also includes longer-term recommendations to ensure child care workers make a living wage and parents can afford high-quality care.

### Immediate policy recommendations:

- The child care system needs at least \$50 billion in the next federal relief package to ensure child care providers can keep their doors open, to help parents get

<sup>36</sup> Ullrich, Rebecca, Sojourner, Aaron, Gallagher Robbins, Katherine, Schmit, Stephanie, Schulman, Karen, White, Catherine, "Child Care is Key to Our Economic Recovery," CLASP and National Women's Law Center (NWLC), April 2020, <https://bit.ly/2NJamE8>; These funds would allow closed providers to retain their staff at full pay, be prepared to reopen at the appropriate time, and eliminate cost burdens for families whose providers are closed. These funds will also allow open providers to offer safe, comprehensive emergency care at no cost to children of essential workers. A detailed methodology is available in the technical appendix here: <https://bit.ly/38rJJKa>

<sup>37</sup> "An Open Letter from Economists in Support of Child Care Relief," accessed on July 1, 2020, <https://ampr.gs/2NUpZs4>



back to work, and to ensure the health and safety of children and child care workers.

- State lawmakers need to appropriate an additional \$60 million from the available federal COVID-19 funds to help stabilize child care providers and prevent permanent closures and an even greater shortage of child care.

### **Long-term policy recommendations:**

- More parents need to be able to afford high-quality child care. Ohio lawmakers need to increase initial eligibility for PFCC from 130% to 200% of the FPL.
- No child care worker should earn less than \$15 per hour. Ohio can improve wages for child care workers by increasing the minimum wage to \$15 by 2023.
- Increased labor costs would increase the overall cost of child care for parents and providers, so Ohio would also need to increase public funding to ensure parents are able to afford care and providers stay in business as wage levels increase.
- Far more state and federal funding is needed to begin to build a fair and equitable child care system for our children, parents, and child care workers.

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