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# Ohio's child care crisis

*Parents and providers out of options*

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## **Child care should be a top priority for Ohio policymakers.**

A recent poll<sup>1</sup> found that for Gen-Z and millennial workers, child care benefits are ranked more important than even health insurance benefits in the workplace. Child care is vital to millions of families in Ohio, but there are many barriers to access, the early childhood educators providing care are grossly underpaid, and child care is simply unaffordable for most Ohioans.

Our labor force is stronger when parents can go to work knowing their kids are cared for. When child care providers can afford to hire and retain skilled staff, they can keep our children safe and give each child the attention they deserve. Everyone benefits when child care workers — who are disproportionately women and disproportionately Black — can afford high-quality care for their own kids.

To get child care right, Ohio leaders need to balance the needs of those three groups — parents, providers and workers. For too long, policymakers have gotten it wrong, and the littlest Ohioans suffer the consequences.

The average annual cost for one infant’s child care in Ohio is \$9,697<sup>2</sup>—that’s \$808 per month! For \$9,697 in annual child care costs to be affordable (as defined by the U.S. Department of Health and Human Services),<sup>3</sup> a family of three with two parents and one infant would need an annual income of \$138,528. Put another way, two parents would have to each make \$33.30 per hour working full time to make child care affordable at the average rate, for just one infant.

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<sup>1</sup> See *Early Learning Nation’s survey report from September 19, 2023, titled “A Top Priority for Generation Z? Child Care.”*

<sup>2</sup> Economic Policy Institute, *“Child care costs in the United States.”* accessed November 12, 2023.

<sup>3</sup> For more information on federal HHS guidance, see the July 11, 2023 White House Release titled *“FACT SHEET: Vice President Harris Announces Actions to Lower Child Care Costs and Support Child Care Providers.”*

## Key findings: Child care in crisis

- Ohio now has the lowest eligibility for Publicly Funded Child Care in the country for kids 0 to 5. North Carolina, who previously held last place, updated their eligibility to 200% FPL for children 0-5 in July of 2023, leaving Ohio in last place for the same age group at 145% FPL.<sup>4</sup>
- Between 2019 and 2021 (the most recent figure available), the number of children benefiting from publicly funded child care in Ohio dropped by 28,697, from 172,585 children to 143,888.<sup>5</sup> Publicly funded child care enrollment peaked seven years ago in 2017 at 181,122 and has declined since.
- From 2017 to 2022, the number of child care workers in Ohio dropped by 35.89%, with the biggest decrease of nearly 5,000 workers happening between 2019 and 2020.<sup>6</sup> Many areas around the state simply have not recovered from this loss of workforce and many remaining child care facilities are at a high risk of closure as key federal COVID emergency funding ends.<sup>7</sup>
- The median hourly wage for child care workers in Ohio is \$13.15 — an annual salary of \$27,352 for those working full time. For comparison, the median for all workers in Ohio was \$21.51 an hour in 2022,<sup>8</sup> with 13.4% of Ohioans living in poverty.<sup>9</sup>
- The amount the state reimburses child care providers per child is not based on the actual cost of child care, but rather on a backward-looking market rate survey of what providers recently charged for services in an area.<sup>10</sup> This rate is important because it determines the amount of money providers receive and therefore their ability to stay open, improve facilities, and pay providers a living wage.
- 39% of Ohioans live in a child care desert.<sup>11</sup> A child care desert is any census tract with more than 50 children under age 5 that contains either no child care providers or so few options that there are more than three times as many children as licensed child care slots. 41% of white Ohioans, 37% of Hispanic or Latino Ohioans, and 29% of Black Ohioans live in a child care desert.<sup>12</sup> In Ohio, child care deserts are most prevalent in rural areas.
- Affordable child care lets parents work. According to a poll done in 2023 by the First 5 Years Fund,<sup>13</sup> nearly 59% of parents who are not working full time would do so if child care was more affordable.

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<sup>4</sup> See [North Carolina's Division of Child Development and Early Education's "Do I Qualify" page](#).

<sup>5</sup> See the [Annie E. Casey Foundation's Kids Count Data Center](#).

<sup>6</sup> According to [American Community Survey 2022 PUMS data](#), accessed December 1, 2023.

<sup>7</sup> [Bureau of Labor Statistics data](#), accessed December 1, 2023.

<sup>8</sup> From [Policy Matters Ohio's September 4, 2023 report, "State of Working Ohio 2023."](#)

<sup>9</sup> [US Census Data](#), accessed Nov 21, 2023.

<sup>10</sup> [Market Survey Reports](#) are available from Ohio Job and Family Services.

<sup>11</sup> See [Center for American Progress' "Do you live in a child care desert?"](#) for an interactive map and the original dataset.

<sup>12</sup> See the previous note.

<sup>13</sup> [Cleveland.com](#) reported on this issue in their article from August 14, 2023, "[Most non-working Ohio parents cite cost of child care as reason for not working full-time, new poll finds.](#)" The original polling is available in [First Five Years Foundation's report from July 16, 2023 titled "The First Five Things To Know About: A New Poll Showing Voter Support For Child Care Funding."](#)



Across America, other states are also feeling the effects of this child care crisis. In 2021, Secretary of the Treasury Janet Yellen shared her analysis:

*The free market works well in many different sectors, but child care is not one of them. It does not work for the caregivers. It does not work for the parents. It does not work for the kids. And because it does not work for them, it does not work for the country.<sup>14</sup>*

Ohio legislators through neglect, underfunding, and an insufficient response to the sector's needs during the pandemic have created the current child care landscape in Ohio, including the low wages, tiny margins, and high turnover common in the sector. It is a system that serves no one well. Policy makers can and must do better for Ohio's children. Sensible policy solutions, informed by all stakeholders, can guide a comprehensive approach to the reforms Ohio's children, families, and child care workers need.

### Recommended reading

The First Five Years Fund's [Early Education in Ohio Fact Sheet](#) for 2023.

## How child care works in Ohio

### Publicly Funded Child Care

Publicly Funded Child Care (PFCC) is a state program administered by Ohio Department of Job and Family Services that uses state and federal funding to subsidize child care for families who are income eligible. In Ohio, families can initially enroll in PFCC if their gross monthly household income is at or below 145% of the federal poverty level<sup>15</sup> (In 2024, this is \$3,116 per month or \$37,399 annually for a family of three). Once enrolled, they can remain eligible as they grow their income, up to 300% of the federal poverty level (\$77,460 annually for a family of three).<sup>16</sup> The state reimburses providers directly for child care and families contribute a weekly copayment. Each week, the state sends providers a check to cover all or a portion (if families have a copay) of the cost of care for PFCC-participating kids in the previous week. For families under the Federal Poverty Level (FPL), that weekly copayment is \$0.<sup>17</sup>

<sup>14</sup> Read [Secretary Yellen's full remarks](#) on "Shortages in the Child Care System" from September 15, 2021.

<sup>15</sup> Federal poverty levels are used to determine who is eligible to participate in public programs like SNAP and Medicaid. They vary depending on how many people are in a household. They are set each year by the [federal Department of Health and Human Services](#), where you can find more information.

<sup>16</sup> See [ODJFS's 2023 Update to Child Care Income Eligibility Standards](#).

<sup>17</sup> See [ODJFS's Copayment table for 2022](#).

## Types of providers

Ohio child care providers must enter into a provider agreement with the state and provide financial information to participate in PFCC. As of December 2023, just 44.9% of Ohio's 8,435 child care providers were participating. (See Figure 1 for more detailed data.) The state categorizes providers according to various factors.<sup>18</sup> Understanding these categories is key to Ohio's systems and data reporting.

**Child care centers** provide care for more than seven children in a facility that is not a private home. They have at least one employee and are licensed by the Ohio Department of Jobs and Family Services (ODJFS).

**In-home care providers** are either Type A or Type B. For both types, children under 6 who are family members of providers must be included in count size.

- **Type A providers** care for up to 12 children at one time and must maintain a ratio of at least one staff member for every six children, with each staff member caring for no more than three children under age 2.
- **Type B providers** care for up to six children with no more than three under age 2. Type B providers do not have employees.

**In-Home Aides (IHA)** are home care providers who can serve multiple families and must be certified for each home every two years.

**Day camps** care for school-age children during school breaks including summer.

**Ohio Department of Education (ODE) providers** funded by PFCC include licensed preschools and licensed school-age care:

- **An ODE Licensed Preschool** is operated by a public, private, or charter school, or a county board of developmental disabilities.
- **An ODE Licensed School Age Child Care program** provides before and after school care at a public, private or charter school.

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<sup>17</sup> As outlined by Job and Family Services in their [overview for providers](#).



## Figure 1

### Child Care Providers in Ohio Accepting PFCC by Type

Out of all child care providers listed in Ohio, 44.9% accept PFCC.

	Number of Programs
Centers	2,154
Type A	205
Type B	1,278
ODE (All)	109
In-home Aides	17
Day camps	27
Totals	3,790

\*There are 8,435 Total Child Care Providers (including those not accepting PFCC) Accessed Dec. 7th, 2023.

Table: Kathryn Poe • Source: Ohio Bold Beginnings • Created with Datawrapper

## Child care is unaffordable for most Ohio families

The U.S. Department of Health and Human Services defines child care as “affordable” if it costs 7% or less of a family’s annual income.<sup>19</sup> By that measure, a typical Ohio household can afford to spend \$4,700 a year on child care.<sup>20</sup> Compare that to the actual average costs<sup>21</sup> of child care in Ohio:

- For infants 12 months or younger: \$11,438 at a child care center and \$8,919 at a home-based provider.
- For toddlers age 13-36 months: \$10,444 at a center and \$8,608 at a home-based provider.
- For preschoolers age 37 months–5 years: \$8,580 at a center and \$7,977 at a home-based provider.

<sup>19</sup> See the preamble to the 2016 *Child Care and Development Fund Final Rule*.

<sup>20</sup> A typical household’s income is the “median household income.” It’s in the middle: Half of Ohio households make more, and half make less. According to *U.S. Census Bureau’s Quick Facts for Ohio*, the median household income in Ohio was \$66,990 in 2023. Take 7% of that and you get \$4,689.30.

<sup>21</sup> As reported in the *Ohio Child Care Resource & Referral Association’s annual report from 2022*.



At these rates, a family would have to make \$250,385 a year to afford care for an infant and a toddler at the average child care center. In other words: It would take the typical Ohio family about three years and nine months to have enough income to afford just one year of child care for their two kids. At the FPL, a family of four in 2024 would have to work more than eight years to afford the same — in other words, they would have to have income over 800% of the FPL.

If a parent, working full time, has one infant and one toddler at an average cost child care center, then \$10.52 of every hour they work would go to child care costs.

When young people can't afford to start a family on less than a quarter million dollars a year, their options are limited. Many choose to leave for states where they can count on higher incomes and stronger public support. Many choose not to have kids at all. For a variety of reasons, this is already happening: Ohio's population is shrinking and aging.<sup>22</sup> Likely in part because, in Ohio, child care is a luxury, unaffordable even for middle-income families. Ohio's economy, families, and future cannot afford that status quo.

### Recommended reading

The Center for American Progress has an [interactive map that shows the relationship between poverty and access to child care](#).

### FAQ: Where did the 7% federal benchmark for child care affordability come from?

In 2014, the Child Care Funding Block Grant set new standards for how states could use federal funds. During that process, a study from the U.S. Census Bureau found that “from the percent of family monthly income spent on child care has remained relatively constant between 1997 and 2011, at around 7 percent.” This study became a common benchmark for affordability and was later adopted as a federal benchmark by HHS in 2016.

For more information on the federal guidance, see the July 11, 2023 White House release titled [“FACT SHEET: Vice President Harris Announces Actions to Lower Child Care Costs and Support Child Care Providers.”](#)

**Let's compare:** A two-parent household with both parents working full time at Ohio's minimum wage made \$42,016 in 2023. With two kids in child care, this family could expect to pay about 54% of their income for child care at a center without financial assistance. Fortunately, this family would qualify for assistance and would pay a monthly co-pay of \$313.99, which is still 9% of their income: close to but still not affordable.

A solo parent making the household median (\$65,720) is near the self-sufficiency standard for many Ohio counties.<sup>23</sup> That parent would not qualify for Publicly Funded Child Care for their infant: They could expect to pay about 13.5% of their income at a Family Care Home (Type A or Type B home-based provider), about double the affordability benchmark of 7%.

<sup>22</sup> See Scripps Gerontology Center's report, *"Ohio's Changing Population."*

<sup>23</sup> See University of Washington Center for Women's Welfare's May 2023 report, *"Overlooked and Undercounted: Struggling to Make Ends Meet in Ohio."*

## Figure 2

### Examples of Ohio families paying for child care

Family	Annual Income	Affordable cost*	Monthly co-pay w/PFCC**	Cost without PFCC
1 parent 1 preschooler 1 toddler	\$21,008 Minimum wage	Month: \$122.55 Annual: \$1470.56	\$0	Monthly: \$1585.33 Annual: \$19,024 90% of income (1 preschooler at a Center + 1 toddler at a Center)
1 parent 1 toddler	\$31,200 Full time \$15/hr	Monthly: \$182.00 Annual: \$2184.00	Income too high to qualify: 145% of the FPL† for a 2-person household is \$29,638.	Monthly: \$717.33 Annual: \$8,608 26% of income (1 toddler at a Family Child Care Program)
2 parents 2 infants	\$42,016 Full time, minimum wage x2 parents	Monthly: \$291.78 Annual: \$3501.33	\$313.99 9% of income	Monthly: \$1906.33 Annual: \$22,876 54% of income (2 infants at a Child Care Center)
1 parent 1 infant	\$65,720 OH median household income	Monthly: \$383.37 Annual: \$4600.40	Income too high to qualify: 145% of the FPL for a 2-person household is \$29,638	Monthly: \$743.25 Annual: \$8,919 13.5% of income (1 infant at a Family Care Home)
2 parents 1 toddler	\$61,938 Just under OH median household income	Monthly: \$361.31 Annual: \$4335.66	Income too high to qualify: 145% of the FPL for a 3-person household is \$37,493.	Monthly: \$870.33 Annual: \$10,444 17% of income (1 toddler at a Care Center)
2 parents 1 toddler 1 preschooler	\$131,440 OH median individual income x2 parents.	Monthly: \$766.73 Annual: \$9200.80	Income too high to qualify: 145% of the FPL for a 4-person household is \$45,240.	Monthly: \$1331.68 Annual: \$19,024 14.4% of income (1 preschooler at a Center + 1 toddler at a Center)

\* HHS defines child care as affordable if it costs 7% or less of a household's income.  
 \*\* Based on the 2023 co-pay tables.  
 †2024 Federal Poverty Levels.



## The heart of the issue: What's the problem in Ohio?

Unaffordable child care is only part of the problem. Families, child care workers, and providers face challenges that intersect and complicate one another. The result is a child care system that too often fails all of us. Multiple problems that impact both providers and families including low pay for providers, child care access limitations across populations, and race and gender-based devaluation of work. These issues are key to understanding how we got here and where we need to go.

### Low rates for providers

To understand Ohio's child care crisis and the policy solutions we propose, you have to understand the state's "reimbursement rate." The details are complex, but the big picture is simple: the State of Ohio does not reimburse child care providers nearly enough to stay in business while paying their staff a livable wage.

#### ***What is a reimbursement rate?***

A reimbursement rate<sup>24</sup> is the amount providers receive from the state for each child in publicly funded child care. It is calculated based on age of the child, county location, and quality level of the center.<sup>25</sup> The exact amount of the payment is set by comparing the prices charged for similar care by similar centers in the county. The state's reimbursement rate falls somewhere between the lowest and the highest of those prices. Where it falls on that scale makes a big difference. Some states set their rate right in the middle, at the median: Half of all the similar centers in the county charge more, and half charge less. In technical terms, that is the "50th percentile" (because 50% charge less). Ohio's rate much lower. We currently reimburse at the 35th percentile: Just 35% of similar providers in the county charge less, and 65% charge more.

That's actually an improvement. Until recently, Ohio reimbursed providers at the 25th percentile, a rate so low that the federal government stepped in and required an increase. By the end of 2024, Ohio's reimbursement rate must reach the 50th percentile. The current 35th percentile rate is the first step; it went into effect February 4th.

Think about it like this: If there are 100 child care programs in a county and each child care program is put in order with the cheapest program at the top and the most

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<sup>24</sup> For a deeper explanation of how reimbursement rates work, see The Ohio State University: Crane Center for Early Childhood Research and Policy's "[Child care reimbursement rates: a quick explainer](#)."

<sup>25</sup> See Appendix A to OAC rule 5101:2-16-10 for [tables of reimbursement base rates](#).

expensive program at the bottom of the list, then the 25th program on the list is the 25th percentile and the 75th program on the list is the 75th percentile.

Providers can get a rate bump by participating in Step Up to Quality (SUTQ) — Ohio’s star rating system — or programs that support children with disabilities.<sup>26</sup> That increase means the reimbursement will be closer to the actual cost of caring for a child.

Because children with disabilities may require special accommodations, providers receive up to double the reimbursement rate per disabled child in their care. While this does help PFCC families with disabled children, it does not go far enough: The Center for American Progress found in 2020 that “parents of children with disabilities are three times more likely to experience job disruptions because of problems with child care.”<sup>27</sup>

## Another factor: Location<sup>28</sup>

The reimbursement percentile is the same throughout the state, but its monetary value changes depending on location, because the reimbursement rate is based on what similar providers are charging in similar locations<sup>29</sup> around the state. The differences are worth noting.

- For full-time child care at a center, reimbursement range from \$130 a week up to \$368.35 a week per child, depending on SUTQ rating, location, and age of child.
- For full-time child care at a Type A home-based provider, reimbursements range from \$148.94 a week up to \$347.50 a week per child, depending on SUTQ rating, location, and age of the child.
- For full-time child care at a Type B home-based provider, reimbursements range from \$130 a week up to \$252.81 a week per child, depending on SUTQ rating, location, and age of the child.

Low reimbursement rates make it more difficult for providers to pay staff a living wage and provide benefits. The median hourly wage for child care workers in Ohio is \$13.15. For comparison, the median for all workers in Ohio was \$21.51 an hour in 2022.<sup>30</sup>

Action for Children surveyed child care providers in Central Ohio and found that 41% of family child care professionals reported they would like to hire staff, but most (77%) report they are unable to pay staff. Over half (52%) of child care providers reported monthly revenue does not cover their expenses. Of those who are able to pay themselves a salary, the median monthly salary is only \$1,454. (Working 40 hours a

<sup>26</sup> See *The Ohio Administrative Code Rule 5101:2-16-10*.

<sup>27</sup> See the Center for American Progress’ report from January 29, 2020, “*The Child Care Crisis Disproportionately Affects Children With Disabilities*.”

<sup>28</sup> See Appendix A to OAC rule 5101:2-16-10 for *tables of reimbursement base rates*.

<sup>29</sup> “Similar locations” refers to the state’s practice of sorting Ohio’s 88 counties into three categories, each of which has its own set of reimbursement rates. See note 28.

<sup>30</sup> From Policy Matters Ohio’s September 4, 2023 report, “*State of Working Ohio 2023*.”

**Recommended reading**

Action for Children's [Central Ohio Child Care Provider Report](#) gives a snapshot of the issue in Central Ohio during the COVID crisis.

week, that's under \$9.10 an hour: less than the state's minimum wage.) Not only are many providers struggling to make a living wage, they're also unable to provide their employees with the benefits that people need to survive. The same Action for Children survey found that only one-third of central Ohio child care centers offer health, dental, or vision insurance for their staff.

## Limited access

Even if child care were more affordable, many families would not be able to access it. Parents and guardians who work outside normal business hours, and those who live far from the nearest provider face practical obstacles as well.

### Hours of operation

For people working second shift or overnight, there are fewer publicly funded child care options. Out of all child care centers that accept PFCC, only 13.8% operate between 7pm and midnight, and only 10.9% operate between midnight and 6am.<sup>31</sup> Some of Ohio's most common jobs require work during these hours. Many nurses, for example, face this barrier. Nursing is one of the few well-paying jobs in which women are disproportionately represented;<sup>32</sup> it is not an option for those without reliable child care when they need it.

### Distribution

For many Ohioans, there simply aren't any licensed child care providers nearby — or they don't have capacity to serve all the children who need them. In rural areas especially, licensed child care slots are literally too few and far between.<sup>33</sup>

Rural voters know the importance of child care: A national poll in 2022 found that the vast majority (70%) see the issue as important to strengthening the economy. More than half (55%) say the availability of high-quality and affordable child care has gotten worse since the pandemic.<sup>34</sup> But policymakers have failed to meet the demand: 60% of Ohioans in rural areas live in census tracts where there are more than three children under age 5 for each licensed child care slot.<sup>35</sup>

Ohio's demographics are key to understanding this issue. The Columbus Metro Area is home to 18% of the state's population and in Franklin County alone there are 514 available child care facilities that accept Publicly Funded Child Care (combining centers

<sup>31</sup> From Ohio's [database of Early Care and Educational programs](#), accessed December 1, 2023.

<sup>32</sup> See [KFF's State Health Facts Data](#).

See Council for a Strong America's report from January 19, 2021, "[Early Childhood Programs' Scarcity Undermines Ohio's Rural Communities](#)."

<sup>34</sup> See Save the Children's report, "[Rural Voters Support Investments to Address Hunger & Provide Quality, Affordable Child Care](#)."

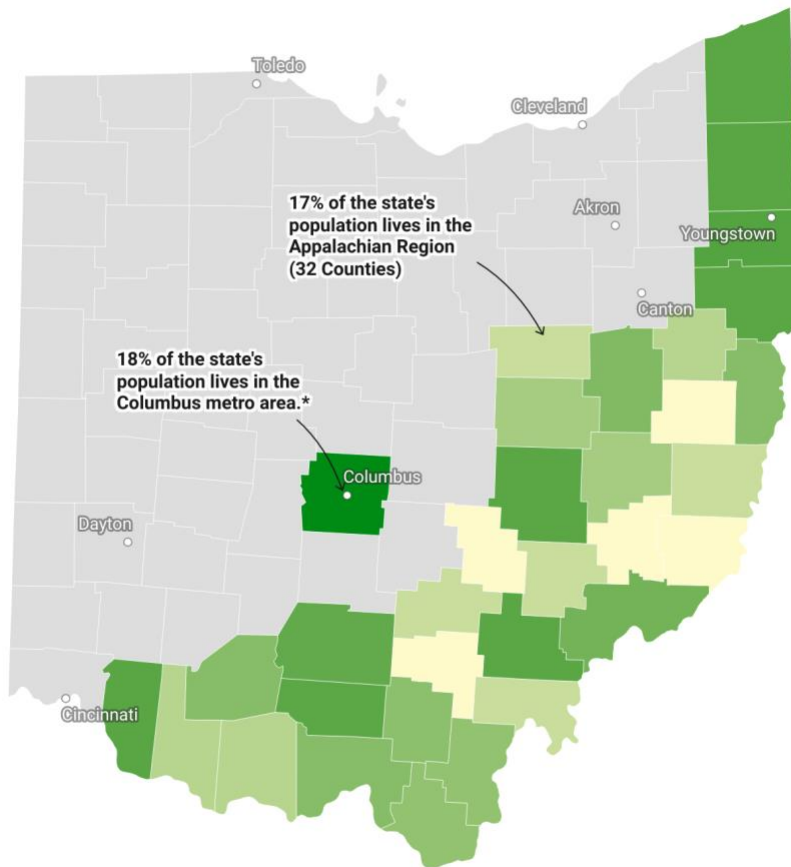
<sup>35</sup> See Council for a Strong America's report from January 19, 2021, "[Early Childhood Programs' Scarcity Undermines Ohio's Rural Communities](#)."

and Type A and B homes). In all 32 counties of Appalachia (17% of the state’s population), there are just 381. When looking just at child care centers, there’s still a difference both in number and density. As of December 2023, of the 32 Appalachian counties, 19 have five centers or less, and five have zero.<sup>36</sup>

Figure 3 represents PFCC centers only (not including other types of facilities), as of December 2023. For the most up to date numbers and programs in 2024, check out [Ohio’s Early Childhood Program Locator Tool](#).

### Figure 3 Density of Child Care Centers in Ohio Accepting PFCC

Franklin County Total: 353 Appalachian Region Total: 220



\*Software limitations prevent a precise depiction of the Columbus metro area, which is larger than Franklin County (the area highlighted here).

This data includes only child care centers, with Type A and B excluded. Data Accessed Dec. 2023.

Map: Kathryn Poe • Source: Child Care Search Ohio • Created with Datawrapper

<sup>36</sup> According to [child care program data from Ohio Department of Job and Family Services' database](#) of programs, accessed December 1, 2023. For the most up to date numbers and programs in 2024, check out [Ohio's Early Childhood Program Locator Tool](#).



Systemic identity-based inequity also affects a family’s ability to access care. A 2020 study by Children’s Health Watch<sup>37</sup> found that compared to white parents, Black parents were 21% more likely to encounter problems with child care access that were significant enough to interfere with their work or education. Latine<sup>38</sup> parents were 23% more likely and parents of other races were 38% more likely.<sup>39</sup> A 2022 survey by the Center for Economic and Policy Research found that LGBTQ+ parents of young children were 11 percentage points more likely than non-LGBTQ+ parents to have trouble finding child care.<sup>40</sup> The intersecting factors that create these disparities are much more complex than the distance to a center or its hours of operation, but the result is the same: Too few Ohio parents could access child care, even if it were more affordable.

## Gender, race, and the value of work

Early childhood educators are essential to Ohio’s economy. But 92% of the child care workforce is made up of women,<sup>41</sup> and like other industries disproportionately powered by women, child care is undervalued and workers underpaid. That is in part because child care has historically been (and often still is) treated as inherently “women’s work,” and like other domestic labor, often done for no pay at all. The result is a system that devalues certain skilled jobs simply because of who performs it.

### Recommended reading

[“The Devaluation of Care Work is By Design”](#) by Angela Garbles and [“Black Women’s Labor Market History Reveals Deep-Seated Race and Gender Discrimination”](#) by Nina Banks.

Racial disparity intersects here: Black Ohioans are more likely to be child care workers than their counterparts of other races, making up 18.8%<sup>42</sup> of the child care workforce but just 12.5%<sup>43</sup> of the state’s population. Economy-wide, Black women are more likely to be pushed into the lowest paying jobs,<sup>44</sup> one of which is child care. Black people in early child care settings are less likely than other early educators<sup>45</sup> across racial and ethnic groups to earn more than \$15

<sup>37</sup> Racial disparity data are from [this Children’s Health Watch report](#).

<sup>38</sup> “Latine” is a gender-neutral alternative to “Latino” and “Latina.” It affirms that gender is not binary while conforming to conventions of Spanish grammar. Policy Matters consults with stakeholders on preferred terminology and will continue to do so.

<sup>39</sup> The original study uses “other” as an umbrella term for racial groups whose populations are too small to reliably report on discretely. This category aggregates many people of diverse backgrounds, making it difficult to understand this data point except as a generic comparison. Better measurement is needed to understand the unique characteristics and challenges of each.

<sup>40</sup> See the Center for Economic and Policy Research’s June 29, 2022 report titled [“Lack of Universal Childcare and Other Family Benefits Hurts LGBT Parents and Caregivers.”](#)

<sup>41</sup> According to [American Community Survey 2022 PUMS data](#), accessed December 1, 2023.

<sup>42</sup> According to [American Community Survey 2022 PUMS data](#), accessed December 1, 2023.

<sup>43</sup> US Census Data, [Ohio’s 2020 State Profile](#).

<sup>44</sup> Delesiya Davis took a closer look at this issue in the July 27, 2023 Equal Rights Advocates article, [“Black Women’s Equal Pay Day: Pay Disparities Compounded by Occupational Segregation.”](#) The original research is available in a Center for American Progress report from March 29, 2022 titled [“Occupational Segregation in America.”](#)

<sup>45</sup> From the Center for the Study of Child Care Employment’s December 19, 2019 report, [“Racial Wage Gaps in Early Education Employment.”](#)



per hour. Even compared to other underpaid educators, child care workers are undervalued. According to the Economic Policy Institute, early childhood educators with a bachelor's degree are paid 26.5% less than their colleagues in the K–8 system. The poverty rate for early educators in Ohio is 20.6%, more than 9 times the rate for other teachers (2.2%) and twice the rate for Ohio workers in general (10.3%).<sup>46</sup>

The numbers illustrate the compounding effects of racism, gender discrimination, and poverty. There's a direct line from the historic devaluation of domestic labor and the enslavement of Black women<sup>47</sup> to the reality of many child care workers today.

Children benefit when they receive care from a consistent set of caregivers.<sup>48</sup> But low wages and inadequate benefits drive high turnover in the child care workforce, disrupting and degrading the quality of care our kids receive. To create a child care system that works for every family, we need policy crafted to make child care work a viable career path for more Ohioans. That includes paying women — especially Black women — at a rate that reflects the high value of the work they do.

## Other states have found solutions

Some states have taken action to increase access to quality child care, raise child care worker pay, and make child care more affordable for working families. Ohio should learn from their successes and implement policies to not only stabilize the crisis, but to build a robust, equitable child care system that prioritizes early childhood educators, children, and families.

Ohio lags other states in the Midwest. For infant center-based care, states like Kentucky reimburse providers in the 92nd percentile, West Virginia in the 80th, and Michigan in the 87th percentile.<sup>49</sup> These states represent a range of possibilities and the need for creativity when solving the child care crisis. While these policy options may not be effective in Ohio, it's still notable that other states have found ways to fund, reform, and reduce harm caused by the ongoing crisis.

### Kentucky

Publicly Funded Child Care in Kentucky is run through the Kentucky Child Care Assistance Program, which is fully accessible online.<sup>50</sup> The program has a workforce

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<sup>46</sup> See the Economic Policy Institute's January 15, 2020 report, "[Early child care and education in the states.](#)"

<sup>47</sup> As further illustrated by Nina Banks' February 19, 2019 report for Economic Policy Institute, "[Black women's labor market history reveals deep-seated race and gender discrimination.](#)"

<sup>48</sup> See the National Association for the Education of Young Children's July 2018 report, "[The Many Benefits of Continuity of Care for Infants, Toddlers, Families, and Caregiving Staff.](#)"

<sup>49</sup> Some states have different reimbursements depending on age and placement type. See "[Child Care and Development Fund Payment Rates.](#)" from the Office of Child Care, an office of the Administration for Children & Families, U.S. Department of Health & Human Services.

<sup>50</sup> Visit [Kentucky's online portal.](#)



requirement for part-time and full-time workers to meet income qualifications. Full-time students, teen parents, and people who have eligibility through SNAP have their work requirement waived. The work requirement can also be met through studies to obtain a GED. Kentucky is also providing PFCC to child care workers regardless of income to stabilize the workforce and has seen significant success: Since implementing the change, the number of children receiving state subsidies has more than doubled to 40,000, including 3,600 children of staff members.<sup>51</sup>

Kentucky has a simple prescreening tool online that screens for health, food, financial, child care, and health insurance assistance at one time. The state also recently started a new program, the Employee Child Care Assistance Partnership (ECCAP)<sup>52</sup>, which was passed by the General Assembly in 2022<sup>53</sup> and will match contributions made by employers to assist families with the cost of child care.

## Tennessee

Publicly Funded Child care in Tennessee is part of the One Department of Human Services system,<sup>54</sup> allowing people to apply for services in one place. The Smart Steps child care program<sup>55</sup> includes families with income below 85% of State Median Income<sup>56</sup> who are a part of the teen parent program, have children six weeks to five years old, or people who work or go to school, or both, for 30 hours or more a week. This year, the state improved their assistance programs by raising reimbursement rates for licensed agencies and increasing infant and toddler assistance for families.<sup>57</sup>

## Maine

In Maine, the Right from the Start coalition has brought together a broad coalition of organizers, advocates, policy experts, parents, labor partners, and child care providers working towards the same vision to invest in early childhood.<sup>58</sup> Priorities include expanding access to child care, building a connected and coordinated system to access services, and ensuring that wages and benefits for child care workers reflect the importance of their work and experience.

In 2023, Maine passed a state budget that includes historic investments in child care. This year, eligibility will increase from 85% (\$84,076.90 for a family of four)<sup>59</sup> to 125% of the state's median income. And a wage stipend begun during the COVID-19 pandemic

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<sup>51</sup> See *Business Insider's* October 12, 2023 article titled, "[Free daycare for teachers' kids could help fix the crisis for all parents.](#)"

<sup>52</sup> See [Kentucky's ECCAP program](#).

<sup>53</sup> House Bill 499 was signed into law by Governor Beshear on April 8, 2022. See the [full text and legislative history](#).

<sup>54</sup> See [Tennessee's One DHS system](#).

<sup>55</sup> See [Tennessee's Smart Steps child care program portal](#).

<sup>56</sup> View the Tennessee Department of Human Services' "[Income Eligibility Limits and Parent Co-Pay Fee Table](#)."

<sup>57</sup> See the Tennessee DHS statement from October 2, 2023, "[The Tennessee Department of Human Services Increases Reimbursement Rates to Enhance Child Care Access and Support to Families in Need](#)."

<sup>58</sup> See Maine's [Right from the Start coalition website](#).

<sup>59</sup> See [Maine's income eligibility criteria for child care subsidy](#), effective October 1, 2022.

was doubled from \$200/month to \$400/month on average.<sup>60</sup> If Ohio had a similar threshold, a family of four making up to \$79,601 (85% of the state's median income) would have access to assistance<sup>61</sup>.

As a result of this legislation, the state is also undertaking a long-term cost of care analysis to learn what it actually costs to sustain a high standard of child care.<sup>62</sup>

## New Mexico

In New Mexico, a diverse and dedicated coalition of grassroots organizations, policy experts, early childhood advocates, parents, and providers have been working for over a decade to address child care issues in the state.

In 2020, legislation was passed to establish an early childhood trust fund as a permanent source of revenue that also created a cabinet level Early Childhood Education and Care Department.<sup>63</sup> The legislation increased the rate that the state pays to providers, expanded eligibility for the state's Child Care Assistance<sup>64</sup> program to 400% FPL and eliminated co-pays for families.

This robust eligibility threshold, combined with the elimination of co-pays, means that a family of four making up to \$120,000 a year will qualify for free child care.

The coalition identified New Mexico's Land Grant Permanent Fund (LGPF) as a possible funding source and took their child care campaign to the ballot in November of 2022. Coalition organizations drove a massive voter education and get out the vote effort and 70% of voters approved.<sup>65</sup> New Mexico Constitutional Amendment 1, allocating a percentage of the LGPF to early childhood and K-12 education. The LGPF is funded by oil and gas development on public land. New Mexico Voices for Children estimates that it will provide \$150 million a year for New Mexico's children and families.<sup>66</sup>

New Mexico continued to lead the nation in solving the child care crisis and working to ensure parents, children, and child care providers all have their needs met by updating rules around state reimbursement rates for providers. Reimbursement rates will increase, sometimes by \$200 or more per child per month, depending on the type and capacity of facility and the age of the child.<sup>67</sup>

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<sup>60</sup> See the Maine Office of the Governor's statement from July 11, 2023, "[Governor Mills Signs Historic Budget Into Law.](#)"

<sup>61</sup> From [table B19119 for the five-year estimates of the 2016 ACS through 2020 ACS.](#)

<sup>62</sup> See Maine Center for Economic Policy's report "[Maine's budget provides historic supports and fortifies the foundation for a strong economy.](#)"

<sup>63</sup> See [Maine's Early Childhood Education and Care Department.](#)

<sup>64</sup> See [New Mexico's Child Care Assistance portal.](#)

<sup>65</sup> The Albuquerque Journal reported on this election in their coverage from November 8, 2022, "[Voters approve amendment to spend more money on early childhood education.](#)" The official election results are available from the [New Mexico Secretary of State.](#)

<sup>66</sup> See New Mexico Voices for Children's report from November 9, 2022, "[New Mexico is the First State to Guarantee a Right to Early Childhood Education.](#)"

<sup>67</sup> The Santa Fe New Mexican reported on this legislation in their coverage from July 20, 2023 titled "[State finalizes new child care assistance rules.](#)" The full text of the rule can be found in [Volume XXIV, Issue 13 of the New Mexico Register](#) from July 18, 2023.



## Recommendations

Around the country, states are making child care easier to access and more affordable for families; directing more resources to child care providers; and improving pay for child care workers. Based on what’s worked in other states, here are recommendations for improving child care in Ohio.

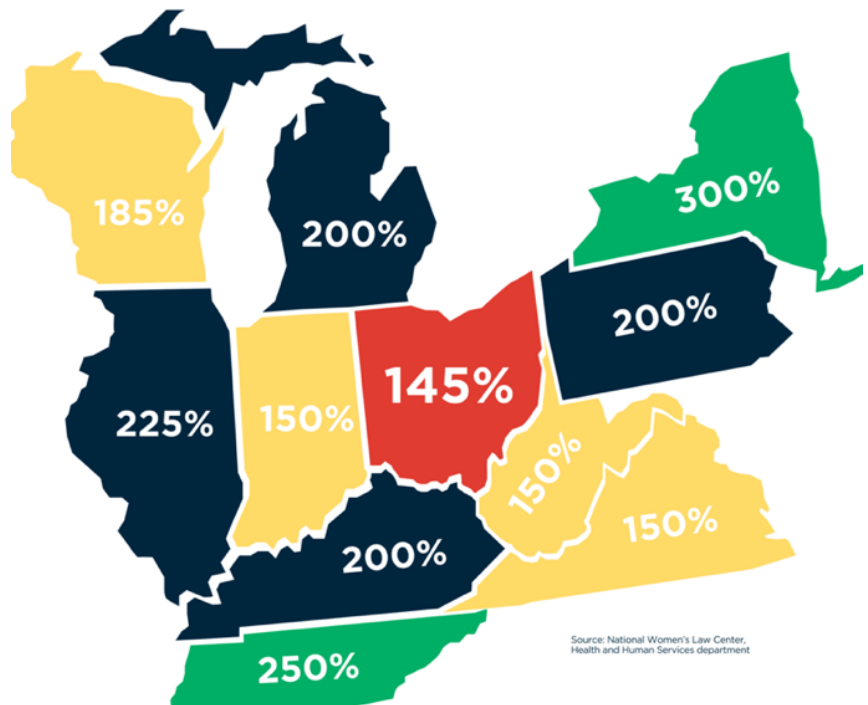
### Raise the income threshold for PFCC to make more families eligible.

Ohio must expand access to affordable child care by making all families paid up to 300% of the federal poverty level (or \$6,455 per month and \$77,460 annually for a family of three) eligible for publicly funded child care.<sup>68</sup> At 300% FPL, Ohioans at the median household income (\$65,720) would actually qualify for assistance.

Currently Ohio families qualify for PFCC if their gross monthly household income is at or below 145% of the federal poverty level<sup>69</sup> (In 2024, this is \$3,116 per month or \$37,399 annually for a family of three). That’s actually an improvement; lawmakers raised it from 142% just last year!

In comparison, New Mexico provides publicly funded child care to families at 400% FPL, Utah at 276%, Georgia at 263%, and Tennessee at 250%. Even Ohio’s immediate neighbors do better for their families: Michigan, Kentucky, and Pennsylvania provide publicly funded child care at 200% FPL (or an annual income for a family of three of \$51,640). In Ohio, someone can remain in the program up to 300% of the FPL once in the program, but having such a low eligibility threshold to begin accessing the program cuts many Ohioans out.

### Federal poverty line thresholds for child care assistance, by state



<sup>68</sup> See the [HHS Federal Poverty Guidelines for 2024](#). Currently, families can remain eligible for PFCC until their income reaches 300% of the FPL, but only if they previously qualified when their income was below 145%.



Alongside this increased eligibility, lawmakers should consider eliminating copayments for those under 150% of the FPL and making it the state's policy that an individual's copay cannot exceed 7% of their monthly income – the HHS recommended affordability.

### **Make child care free for child care workers.**

Child care should be made free for children of child care workers to increase the early learning workforce. Additionally, the state should expand automatic child care eligibility for when a parent is incarcerated, serving in the military, or enrolls in a college or a trade school.

Ohio should also consider a presumptive child care policy like Maryland's,<sup>70</sup> which allows families to use their benefits right away by assuming they are eligible while they go through the process of verification.

### **Provide adequate revenue for programs.**

Ohio must improve wages and benefits for child care workers. The state must improve its reimbursement rates<sup>71</sup> up to the federally suggested 75th percentile,<sup>72</sup> consistent with other states and federal guidelines.<sup>73</sup> These higher reimbursement rates need to be tied to a requirement that centers increase workers' pay.

Family child care programs should be reimbursed for the provider's own children. Mothers of young children often choose home-based child care as a career path because it enables them to be with their own children during the day, but under Ohio's current system, doing so means a loss of revenue in an already tight budget. Providers' children are counted toward the total number of children they can serve; those who provide licensed professional child care services and qualify on an income basis for PFCC should receive reimbursements for these children too.

The state should reimburse providers the same way many private pay families do, based on enrollment rather than attendance, to increase stability in the sector.

### **Adopt online prescreening and eligibility tools.**

Kentucky's Prescreening Online tool and Tennessee's One DHS system make it easy for families to qualify for social services programs all in one place. This simple, yet effective, solution would create one central location for families to apply for all programs or help Ohioans understand when they qualify for more than one program.

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<sup>70</sup> See *The Center for Law and Social Policy's report from August 1, 2023, "Maryland's Presumptive Eligibility Policy—and Other Innovations for Child Care Assistance."*

<sup>71</sup> For a deeper explanation of how reimbursement rates work, see *The Ohio State University: Crane Center for Early Childhood Research and Policy's "Child care reimbursement rates: a quick explainer."*

<sup>72</sup> See the *Federal Register text of the proposed rule, "Improving Child Care Access, Affordability, and Stability in the Child Care and Development Fund."*

<sup>73</sup> For a deeper discussion of Ohio's reimbursement rate, see *Policy Matters Ohio's report, "New rule for child care could lower costs for families and stabilize providers," from August 24, 2023.*



In 2022, the State of Ohio announced that it was starting a pilot program to simplify the process of applying for public benefits. The Ohio Benefits Eligibility System was launched as pilot program in Allen, Athens, Butler, Hamilton and Medina counties. A version of the Ohio Self Service eligibility portal can be found online at [benefits.ohio.gov](https://benefits.ohio.gov).

Lawmakers should consider setting aside funds for statewide implementation and advertisement of the service. Any expansion of eligibility or presumptive eligibility program would greatly benefit from these tools when implemented.

**Conduct a statewide cost-of-care analysis.**

In order to understand the real cost of care of Ohio families, the state should consider funding and implementing a cost of care analysis. This style of fact-finding legislation could help lawmakers and researchers better understand the child care system, demographic information, and reorient the new Department of Child and Youth Services as they develop their programming. This has been a key component of Maine’s strategy toward a better system.

**Provide livable wages for child care workers.**

We cannot have quality child care without funding the people who do the work. Workers deserve their own set of protections. Lawmakers should consider implementing a Care Workers or Domestic Workers Bill of Rights, based on the framework by the National Domestic Workers Alliance.<sup>74</sup> This includes important protections like safe working conditions, rest breaks, overtime pay, and wage requirements. Guidelines for early childhood educators specifically could also include child to staff ratios, health and safety standards (like lead testing), and standardized pay requirements based on experience or education.

The federal government recently released sample contracts for domestic workers<sup>75</sup> that the state of Ohio should consider proving as a resource to people who become licensed by the state or to all publicly funded child care centers.

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<sup>74</sup> Learn more about NDWA’s *Domestic Worker Bill of Rights*.

<sup>75</sup> See the US Department of Labor, Women’s Bureau for *sample employment agreements for domestic workers*.

## Conclusion

As Secretary of the Treasury Janet Yellen said in her 2021 analysis of the child care system:

*Child care is a textbook example of a broken market, and one reason is that when you pay for it, the price does not account for all the positive things it confers on our society. An enormous body of economic literature finds that kids with access to quality child care end up in school longer and in higher-paying jobs afterward. When we underinvest in child care, we forego that; we give up a happier, healthier, more prosperous labor force in the future.*

Ohio lawmakers have created a false reality through corruption, gerrymandering, and shifting our tax system to benefit the rich that has formed the idea that advocates have to choose between what's best for kids, workers, and families. This is a manufactured choice created by a consistent lack of support and funding for our system. Ohio has the resources to build our infrastructure and it's time to intentionally distribute them to kids and families. Ohio must provide a decent baseline for everyone, and many of the policies proposed in this brief are a good start.

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# Appendix

## Key concepts

**Publicly Funded Child Care (PFCC):** a state program administered by Ohio Department of Job and Family Services that uses state and federal funding to subsidize child care for families who are income eligible.

**Federal Poverty Level (FPL):** Federal poverty levels are used to determine who is eligible to participate in public programs like SNAP and Medicaid. They vary depending on how many people are in a household. They are set each year by the federal Department of Health and Human Services.

### Types of providers

**Child care centers** provide care for more than seven children in a facility that is not a private home. They have at least one employee and are licensed by the Ohio Department of Jobs and Family Services (ODJFS).

**In-home care providers** are either Type A or Type B. For both types, children under 6 who are family members of providers must be included in count size.

- **Type A providers** care for up to 12 children at one time and must maintain a ratio of at least one staff member for every six children, with each staff member caring for no more than three children under age 2.
- **Type B providers** care for up to six children with no more than three under age 2. Type B providers do not have employees.

**In-Home Aides** are home care providers who can serve multiple families and must be certified for each home every two years.

**Day camps** care for school-age children during school breaks including summer.

Ohio Department of Education providers funded by PFCC include licensed preschools and licensed school-age care:

- An **ODE Licensed Preschool** is operated by a public, private, or charter school, or a county board of developmental disabilities.
- An **ODE Licensed School Age Child Care Program** provides before and after school care at a public, private or charter school.

**Reimbursement rates:** the amount providers receive from the state for each child in publicly funded child care. It is calculated based on age of the child, county location, and quality level of the center. The exact amount of the payment is set by comparing the prices charged for similar care by similar centers in the county. Ohio currently reimburses at the 35th percentile: Just 35% of similar providers in the county charge less, and 65% charge more.