



Shared Prosperity, Thriving Ohioans

Testimony on HB 33 before House Finance Subcommittee on Health and Human Services

Will Petrik

Chairwoman Carruthers, Ranking Member Liston and members of the Subcommittee, my name is Will Petrik. I am the Project Director with Policy Matters Ohio, a nonprofit, nonpartisan organization. Our mission is to create a more prosperous, equitable, sustainable and inclusive Ohio. Thank you for the opportunity to testify today on House Bill 33.

No child should have to go to bed hungry. No family should have to choose between paying the rent or seeing a doctor. We must work together to ensure that all Ohioans, no matter where they live or what they look like, have stability, security and basic human dignity.

Today, Ohio children are more likely than children nationwide to go without food.¹ In our state, 19% of children experienced food insecurity in 2019 – a higher share than in 34 other states.

Child food insecurity: Ohio ranks 35th in the nation.

Percent of children experiencing food insecurity in 2019, by state (rank).



Food security and financial security go hand-in-hand. Children in Ohio are less likely than children nationwide to live in financially secure households.² Nearly 1 in 5 of our children lived in poverty in 2021 – a higher share than in 36 other states.

Child poverty: Ohio ranks 37th in the nation.

Percentage of children living in poverty, 2021, by state (rank)



¹ Feeding America, https://bit.ly/ChildFoodInsecurity_OH

² Annie E. Casey Foundation. Kids Count Data Center analysis of data from the U.S. Census Bureau, American Community Survey. https://bit.ly/ChildPov_OH

Things are about to get worse for many of our neighbors due to federal pandemic emergency assistance coming to an end. An estimated 673,000 households in Ohio will have on average \$188 a month less to help keep food on the table.³ Ohio will lose \$127 million each month and roughly \$1.5 billion in federal food aid over the next year. At the same time, 220,000 Ohioans are expected to lose health coverage and be disenrolled from Medicaid as the state redetermines eligibility for the program.

It is up to Ohio's leaders to prepare for the effects of the loss of food and health assistance and ensure the best possible outcome for children, adults and families who are dealing with insecurity. When children and families don't have enough to eat or lack the health care they need, they don't have the secure foundation they need to thrive. Children who grow up in poverty are more likely to do worse in school, have health problems and get involved with the criminal legal system as adults, compared to their peers in more economically secure households.⁴

These outcomes don't have to be the norm. When families have the resources to pay for the basics, we all benefit. Children are healthier, they get better grades, have higher college enrollment rates, and earn more during their lifetime. They are less likely to engage in criminal activity, go to prison, or get involved with the child welfare system.⁵

The proposed budget includes several priorities that will improve the health, education, and well-being of children. Policy Matters Ohio supports the following priorities:

Expand health care coverage to pregnant women and babies in Ohio. H.B. 33 would provide more health coverage for children and pregnant women by increasing eligibility for Medicaid up to 300% of the federal poverty level (a family of 3 with income just over \$74,580 annually). This will provide families with health coverage for labor, birth and post-partum care without the stress of incurring major costs for critical health care services.⁶

Prepare more kids for kindergarten and help parents stay in the workforce. H.B. 33 will help an estimated 15,000 children get the child care they need by expanding eligibility for publicly funded child care to more working parents.⁷ Gov. DeWine's budget also proposes a significant new investment in early childhood education. An additional 11,525 3- and 4-year-old children in families with low incomes will have an opportunity to get high-quality early childhood education programming.⁸ High-quality early care and education gives children a strong start and improves their long-term health and economic opportunities.⁹

H.B. 33 appropriates \$150 million in SFY 2024 from one-time American Rescue Plan Act (ARPA) funding to help ensure that child care professionals and professionals in other critical occupations can afford child care for their own children. It would establish a child care scholarship program for critical occupations and direct-service professionals who make up to 200% of the federal poverty

³ "February 2023 Supplemental Nutrition Assistance Program Extension Approved," Ohio: COVID-19 Waivers & Flexibilities, USDA Food and Nutrition Service, accessed on March 8, 2023, <https://bit.ly/3J30GA5>

⁴ "A Roadmap to Reducing Child Poverty," National Academies of Sciences, Engineering, and Medicine, 2019. <https://bit.ly/3DIKAKT>

⁵ Irwin Garfinkel, Laurel Sariscsany, Elizabeth Ananat et al., "The Benefits and Costs of a Child Allowance," Journal of Benefit-Cost Analysis, Cambridge University Press, September 23, 2022. <https://bit.ly/3L0vqa7>

⁶ Maureen Corcoran, Ohio Department of Medicaid, Director, Testimony to the House Finance Committee, February 8, 2023, <https://bit.ly/3yhuvE0>

⁷ Suveksha Bhujel and Ryan Sherrock, "Redbook, LBO Analysis of Executive Budget Proposal, Ohio Department of Job and Family Services," Legislative Service Commission, accessed on March 7, 2023. <https://bit.ly/41UmIoc>

⁸ The State of Ohio Executive Budget, Fiscal Years 2024-2025, Ohio Office of Budget and Management, Jan 21, 2023, Department of Children and Youth, Agency Budget Highlights (pg. 199), <https://bit.ly/3LiWv5X>; Jacquelyn Schreoder and Suveksha Bhujel, "Redbook, LBO Analysis of Executive Budget Proposal, Department of Children and Youth," Legislative Service Commission, accessed on March 14, 2023, <https://bit.ly/3lbaqly>

⁹ James Heckman and Ganesh Karapakula, "Early childhood education strengthens families and can break the cycle of poverty." The Heckman Equation, accessed on March 6, 2023, <https://bit.ly/3ZOMIOY>

level (\$49,720 for a family of three), expanding access to child care, including infant and toddler care.¹⁰

We support these investments.

And, we must do more to make sure Ohioans have the resources to pursue their dreams. We encourage state lawmakers to pursue several additional strategies in the 2024-25 budget to provide more security and stability for families.

Boost the economic security of children and families. A Thriving Families Tax Credit would help nearly 986,000 families and 1.8 million children with an average tax refund of roughly \$1,000 a year. This tax credit would help more families pay for groceries and reduce hunger and insecurity. State lawmakers can amend H.B. 33 to include the Thriving Families Tax Credit.¹¹

Provide healthy school meals for all Ohio children. When students get regular healthy meals, they have more energy and focus in the classroom.¹² Like textbooks, transportation, and supportive teachers, school meals are a critical part of a child's education and future success. State lawmakers can provide funding to supplement federal meal reimbursement to make sure all students at public schools in Ohio have access to healthy meals during the school day.

Make sure older adults can live with dignity and get enough to eat. Older adults reported that Supplemental Nutrition Assistance Program (SNAP) emergency payments provided relief, improved people's mental and physical health, and helped people afford healthy food.¹³ State lawmakers must make sure older adults dealing with financial insecurity can get enough to eat by making sure older adults who participate in SNAP get at least \$50 a month for groceries they need. This is estimated to cost the state \$21 million per year and assist nearly 70,000 older adults.

Fund Ohio's emergency food relief network. Four of the 10 most common jobs in our state don't pay enough to feed a family of three without food assistance.¹⁴ State lawmakers can help meet the needs of families and food banks across Ohio by allocating \$50 million per year to support the Ohio Association of Foodbanks hunger relief efforts across the state.

Boost the financial security of Ohio workers. Adding a 10% refundable option to Ohio's Earned Income Tax Credit (EITC) would put more money back in the pockets of workers who are paid low wages. State lawmakers can re-write the tax code to help stabilize families, give children more opportunities for a better life, and build a more equitable Ohio.¹⁵

Expand opportunity: Help more parents get the child care they need. State lawmakers must ensure all Ohioans can support their families and participate in the economy. The proposed budget takes a step in making child care more affordable by boosting initial eligibility for publicly funded child care from 142% to 160% of the federal poverty level. Lawmakers can make child care affordable and accessible for more families by increasing initial eligibility for publicly funded child care up to 200% of the federal poverty level (a family of three making \$49,720 or less would be eligible for publicly funded child care). This would help more parents participate in the workforce.

¹⁰ Suveksha Bhujel and Ryan Sherrock, "ODJFS Redbook," op. cit.

¹¹ Will Petrik, "State thriving families tax credit would increase stability for nearly 2 million Ohio children," Policy Matters Ohio, November 14, 2022, <https://bit.ly/3Gx7C7A>

¹² "The Impact of Breakfast after the Bell," No Kid Hungry, Center for Best Practices, Accessed on October 6, 2022, from <https://bit.ly/3MfmidN>

¹³ "Older Adults, Food Insecurity, and SNAP: A special brief on the crisis facing Ohioans 60+," Ohio Association of Foodbanks and the Center for Community Solutions, May 2022, <https://bit.ly/3TuXXV1>

¹⁴ Michael Shields, "New data show wages up for many, but four of Ohio's 10 most common jobs pay near poverty," Policy Matters Ohio, April 28, 2022, <https://bit.ly/3Sie5aQ>

¹⁵ Kalitha Williams, "Strengthen the Ohio EITC: The Working Family Tax Credit," Ohio Children's Budget Coalition, Policy Matters Ohio, accessed on March 16, 2023, <https://bit.ly/408dW1r>

Prepare more children for a bright future: Provide public preschool to all 4-year-olds.

State lawmakers can also do more to make public pre-k available to more children. The Fair School Funding Plan put forward by Reps. Cupp and Patterson recommended providing every 4-year-old living in poverty an opportunity for at least one year of high-quality preschool.¹⁶ Lawmakers can follow through on that recommendation.

Make sure workers who have been laid off have the support they need to get back into the workforce. Ohio makes it more difficult to qualify for unemployment compensation based on pay than all but three other states. State lawmakers can protect more Ohioans in times of crisis, not less. That means 1) not creating new onerous ID requirements to qualify for unemployment compensation; 2) retaining the governor’s ability to accept federal assistance on an emergency basis, and 3) ensuring Ohioans keep the money they earned on the job by not using bonus or vacation pay as an offset against unemployment compensation owed. My colleague, Michael Shields, has submitted written testimony outlining how lawmakers can protect working people and preserve access to unemployment compensation.

Make sure parents have options for child care and pay child care professionals a living wage.

Parents continue to struggle to find child care options because there aren’t enough good jobs to attract more early educators and child care professionals into the sector. According to an October 2022 survey of child care providers from the National Association for the Education of Young Children, roughly 54% of Ohio child care center directors reported that they are serving fewer children than they would like to serve. The most common reason reported was “not enough staff.” 62% of Ohio respondents reported that their program is currently experiencing a staffing shortage.¹⁷ A November 2022 Action for Children report came to a similar conclusion. Four out of five center-based child care providers reported staff shortages and trying to hire more early educators.¹⁸

The low wages for work in child care and the emergence of more competitive job opportunities are major reasons why many child care providers are struggling to recruit and retain early educators. The child care system has been built on low-paid labor primarily performed by women and disproportionately Black women. Women make up 95% of the child care workforce, making a median wage of just \$11.17 an hour in Ohio.

Child care workers and preschool teachers are paid poorly in Ohio

	Median Hourly Wage	Mean Annual Wage
Child Care Workers	\$11.17	\$26,040
Preschool Teachers	\$13.89	\$32,020
Kindergarten Teachers	NA*	\$60,600
Elementary School Teachers	NA*	\$67,850

Source: U.S. Bureau of Labor Statistics, Occupational Employment Statistics, “May 2021 State Occupational Employment and Wage Estimates: Ohio,” <https://bit.ly/3tQWJqi> | Note: 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.

¹⁶ State Representative Bob Cupp, State Representative John Patterson, and chairs and co-chairs of subgroups, “Fair School Funding Plan,” accessed on March 16, 2023, <https://bit.ly/3TlqgDg>

¹⁷ “Uncertainty Ahead Means Instability Now: Ohio,” National Association for the Education of Young Children, December 2022, <https://bit.ly/3XkWi59>

¹⁸ Christiana Sallard, “Reckoning, Not Recovery: Central Ohio Child Care Provider Survey Report,” Action for Children, November 2022, <https://bit.ly/3W3UFYg>

Early education professionals do highly skilled work caring for and educating Ohio's children. In order to attract and retain talented professionals, they must be paid a wage that enables them to live with dignity.

Lawmakers have an opportunity in this state budget to make transformational investments in our child care system, truly making Ohio the best state for families. State lawmakers can require child care workers are paid at least \$20 an hour by reimbursing child care providers that receive public funding for the actual cost of child care and require compensation standards for child care professionals.

Increasing pay works. In 1989, Congress passed the Military Child Care Act, which helped provide military families with high-quality child care regardless of their service branch or base where they lived. In 1990, the Military Child Care Act increased teacher pay 76% and provided an additional boost to new program associates after a 40-hour training and orientation. Staff turnover rates plummeted as a result. Prior to 1990, turnover rates were between 65% and 300%. After implementation, turnover dropped to 27% — and that's for caregiver staff largely made up of military spouses who are frequently moved to new communities.¹⁹

If we don't pay professionals who provide direct services to children, families, older adults, and people with disabilities, the state will continue to lack the capacity to serve all our residents. In addition to the child care sector, several systems are facing workforce shortages, including child welfare, job and family service agencies, and the direct care workforce serving older adults and people with disabilities. The governor's proposed budget makes some progress for the direct care workforce, but if we want to attract and retain professionals in all of these sectors, we need to pay them at least \$20 an hour for the critical work they do.

We have enough to make Ohio the best state to live, work and raise a family.

We have enough resources in Ohio for all of us to get enough to eat, and get the health and child care we need to contribute and thrive — but some policymakers have chosen to direct our public funds elsewhere. Since 2005, Ohio lawmakers have shifted public resources away from families who are paid low wages and toward the wealthy and well-connected through tax cuts and special interest giveaways. As a result, the wealthiest 1% of Ohio households are taking home on average over \$50,000 every year in tax cuts. Meanwhile, Ohio households making less than \$65,000 are, on average, paying more in taxes today compared to their state and local taxes in 2005. In addition, the tax cuts have drained \$8 billion a year from Ohio's budget.²⁰ Some of those dollars could be going toward making high-quality child care more affordable for families while improving pay for the people caring for their children.

Instead of more tax cuts for the rich, let's provide more stability to families and give more Ohio children opportunities to follow their dreams. Thank you for your commitment to building the best state to raise a family. Together, we can ensure all Ohioans can thrive. Thank you for the opportunity to testify. I'm happy to answer any questions.

¹⁹ Marcy Whitebrook, Deborah Phillips, and Carollee Howes, "Worthy 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, UC Berkeley, accessed on March 14, 2023, <https://bit.ly/3Te9oiS>

²⁰ Guillermo Bervejillo, "The great Ohio tax shift, 2022," Policy Matters Ohio, February 10, 2022, <https://bit.ly/3vSU557>

The Ohio Thriving Families Tax Credit

A New Proposal

Maximum annual tax credit amount per child	\$1,000 for children under <u>6</u> ; \$500 for children age 6-17
Average tax refund per eligible household	\$991
Number of children benefitting	1,822,262
Number of households benefitting	985,969
Eligibility by income	Less than \$85,000 *
Eligibility by age	All children under 18

Source: Institute on Taxation and Economic Policy, October 2022.

*Tax filers who make \$65,000 or less with a dependent child (or children) are eligible for the maximum annual tax credit amount per child. Tax filers who make over \$65,000 will receive less than the full amount until the credit phases out at \$85,000.

Learn more about the Thriving Families Tax Credit here: <https://bit.ly/407pCqI>

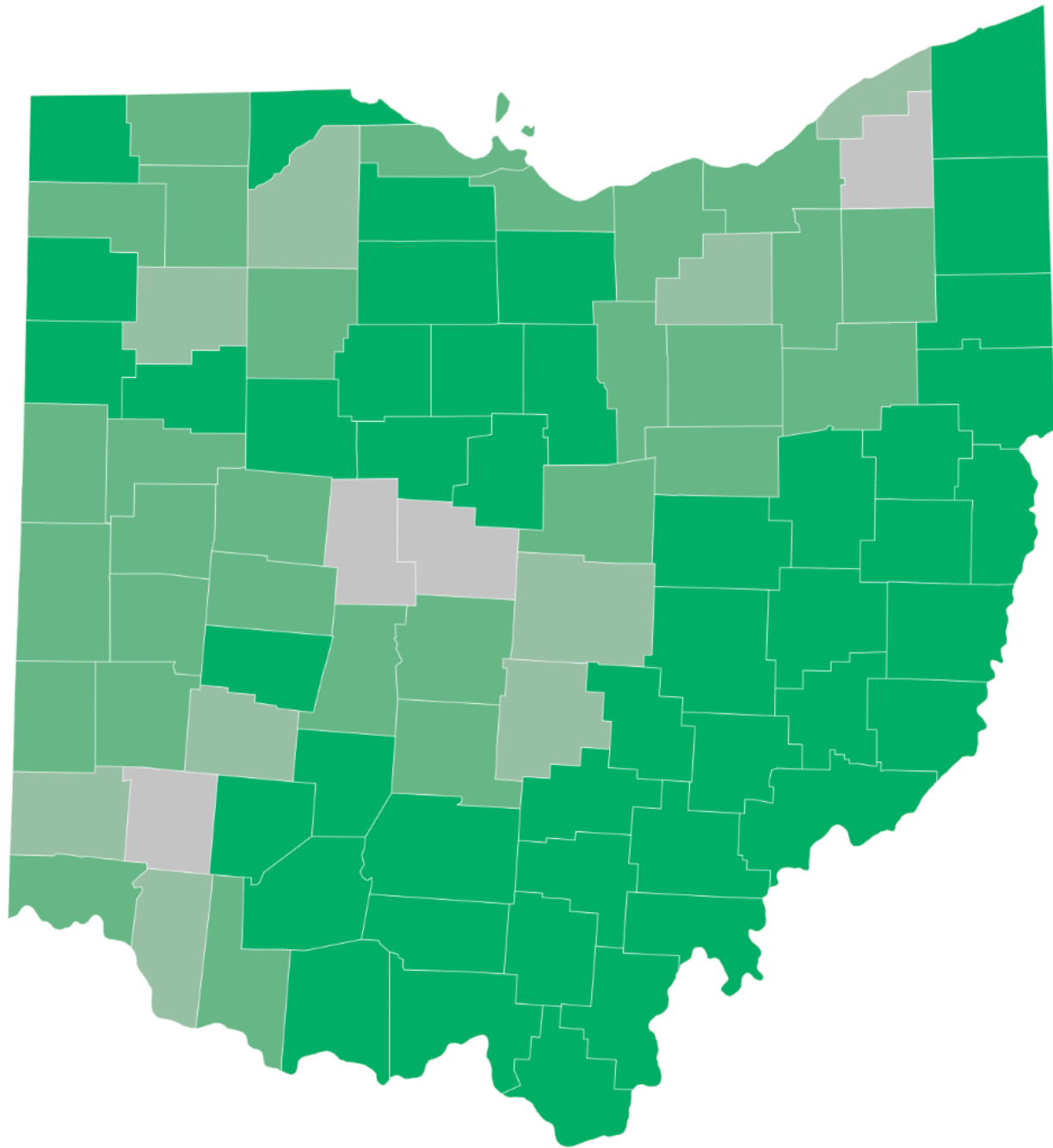
Polling: Ohio Voters Support a State Child Tax Credit

- 77% percent of voters support enacting a state Child Tax Credit in Ohio
- At least 74% of urban, suburban, and rural voters in support a state Child Tax Credit



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Source: Data for Progress, <https://www.dataforprogress.org/blog/2022/11/30/ohio-voters-support-taxing-the-wealthy-and-investing-more-in-workers-and-families>



Estimated share and number of eligible families, by county

< 35.0%
 35.0%–45.0%
 45.0%–55.0%
 ≥ 55.0%

Find out the estimated number and percentage of families in your county would benefit from the Thriving Families Tax Credit: <https://datawrapper.dwcdn.net/9R4d6/5/>

3 tax proposals - and the impact on 3 different families

	Child tax deduction in HB 33 (annual tax savings)	HB 1 (annual tax savings) *	Thriving Families Tax Credit (annual tax credit)
Family with 2 kids, age 2 and 4, with annual income of \$25,000	\$0	\$0	\$2,000
Family with 2 kids, age 2 and 4, with the median income of \$62,000	\$161	\$38	\$2,000
Family with 2 kids, age 2 and 4, with annual income of \$200,000	\$200	\$1,395	\$0

Source: Policy Matters Ohio, March 2023.

*The estimated tax savings is based only on the changes to the income tax from a graduated income tax to a flat tax of 2.75% on income over \$26,050