



**Testimony to the House Finance Subcommittee on Primary and Secondary Education  
House Bill 64 – Early Childhood Education Provisions  
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Chairman Cupp, Ranking Member Phillips, and members of the House Finance Subcommittee on Primary and Secondary Education, my name is Jason Smith and I serve as the Executive Director for groundWork, a statewide early childhood advocacy organization with members representing diverse voices and perspectives in the early childhood education field. We have a Steering Committee of 22 leaders interested in early childhood education including private funders, child advocates, public schools, childcare and preschool providers, Head Start, local community early childhood initiatives, and Resource & Referral agencies.

Thank you for the opportunity to provide testimony regarding the early education provisions in House Bill 64, the state operating budget for Fiscal Years 2016 and 2017.

We are very thankful for the \$118 million investment in new spending for early childhood education programs recommended by Governor John Kasich in his initial budget proposal. As the largest investment in early childhood education since Governor Voinovich's administration we applaud the governor and his administration for their recognition of the critical role that investments in child development and education for children 0 – 5 years of age play in preparing our youngest citizens for success in school and the workforce. We strongly support proposed changes in eligibility and copays for low-income subsidized children in House Bill 64 that support low-income, working families and our most vulnerable young people. These include:

- Investing \$7 million per year (TANF) to eliminate copays for families under 100% Federal Poverty Level (FPL) and align copays for families 101-200% FPL with public pre-kindergarten;
- Investing \$3 million per year (TANF) to increase intake from 125% to 130% FPL;
- Investing \$4 million per year (GRF) to increase outtake from 200% to 300% FPL; and
- Investing \$5 million per year (GRF) to provide "preschool dropout prevention" by increasing statewide staff to provide mental health consultation for child care centers and public pre-kindergarten from 9 to 78 consultants.

Governor Kasich should also be commended for his commitment to expanding access to pre-kindergarten within his proposed budget. Currently, House Bill 64 allocates \$15 million in FY16 to create an additional 3,675 part-day, part-year slots and \$25 million in FY17 to further expand access to pre-kindergarten programs by 6,125 slots. The 6,125 slots funded in FY17 are also part-day, part-year and childcare subsidy dollars may be "wrapped" to provide full day care for working families. The year two requirements also limit the slots to children 4 years of age. Finally, House Bill 64 also proposes allocating \$40 million (\$20 million per fiscal year) from the Casino Settlement Fund for unspecified purposes.

In order to realize the economic benefits of investments made in the early years, it is vital to provide high-quality settings for our most at-risk children while also supporting our low-income working families. The childcare subsidy system was designed with the intent of helping low-income working parents get to work and become self-sufficient by providing a safe childcare environment for children while parents work. However, the research has clearly demonstrated that we must provide more than a safe place – children, especially those identified as economically disadvantaged, need language-rich environments with intentional teaching to develop the skills needed for success in kindergarten, third-grade reading, and beyond. It is critical that we focus on quality of early learning settings – *quality matters*.

While this investment in early childhood programming is significant, groundWork does believe there are opportunities within this budget to strengthen our state's commitment to providing high-quality childcare and preschool programming through a mixed delivery model that is quality-rated. Ohio has prioritized investments to improve the quality of childcare and preschool programs over the last three years. This includes Ohio's work to increase the quality of early learning settings using the Early Learning Challenge Grant and the \$32 million investment to increase the number of low-income children (defined as 200% and below FPL) served in high quality settings (three stars and above). National and local research confirms that low-income children benefit the most from high-quality early childhood education. Because it is so clear that high quality is important, especially for our children with the highest needs, Ohio implemented Step Up to Quality, the state's quality rating system. In Step Up to Quality, child care programs earn 1- to 5-Star Ratings. Programs that are 3- to 5-Star Rated are designated as high-quality. The state has established that all early childhood programs receiving public dollars must be rated, and must be at least a 1-Star by 2020. Public pre-kindergarten programs must be rated by 2016. Currently, only 32% of our subsidized children, who are our lowest income and highest needs children, are served in rated centers and only 12% are served in programs rated as high-quality.

While groundWork supports the expansion of services as proposed by the Governor, we would ask you to modify the proposal to allow the new funds to be combined with TANF low-income child care subsidies in the first year of the budget to better meet the needs of working families who need full-day, full-year care for their children. This is what is currently allowed under the expansion and what is proposed for the second year in this budget. Because 68% of Ohio families have all parents in the workforce, we recommend that 65% of the expansion be for families who need full-day, full-year care in both the first and second years.

The most important change we would like to see is in the allocation of the, \$40 million from the Casino Settlement Fund. We recommend that it be used to ensure that children already being served through state-subsidized childcare get the high quality, education rich environments they need and deserve. groundWork has done extensive cost modeling of child care programs so that private and public investors know what it costs to provide high quality care. What we have found is that the state payment for care does not incentivize centers to move to high quality. In fact it is just the opposite. In urban areas it stops making financial sense for centers to increase the quality of their care at the 2-Star level because the state is not reimbursing the costs associated with better trained teachers, good curriculum and more effective adult to child ratios. In rural centers it is not even reimbursing the actual cost of any care no matter what quality. We believe the \$40 million will go a long way to rectifying this so that our highest needs children in both our rural and urban communities get the care they need to be prepared for school.

In summary, groundWork would like to work with the General Assembly to accomplish the following:

- Support the \$38 million that modifies the co-pay, raises the eligibility to 130% FPL, outtake to 300% FPL, and provides early childhood mental health consultation services;
- Adjust the \$40 million expansion in preschool slots so that a child may receive full-day, full year services in Year 1 to support the needs of working families; and
- Utilize \$40 million from Casino Settlement Fund that is currently unspecified to increase the number of children in high-quality settings by investing in the subsidized childcare system to pay the actual cost of care to rural providers and 3, 4, and 5-Star Rated programs.

In conclusion, Governor Kasich's proposed budget for early care and education is a significant investment that also recommends some key policy changes in eligibility and copays that we believe will provide some relief for our state's low-income, working families. However, we also believe there are real opportunities to ensure that such investments build the quality we know is key for the success of our children. Ultimately, we believe that strengthening support for quality and providing full-day options within the proposed budget will keep Ohio on a strong path toward increased school readiness, achievement, and overall success for Ohio's children and families.

Thank you for the opportunity to provide written testimony on House Bill 64.