



SHANNON JONES
Executive Director

sjones@groundworkohio.org
mobile: 937-671-8575

172 E. State Street, Suite 400
Columbus, Ohio 43215

**Ohio Senate
Finance Subcommittee on Health and Medicaid
FY2018-2019 Operating Budget
Groundwork Ohio
Shannon Jones, Executive Director
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Good Afternoon, Chairman Hackett, Vice Chair Tavares and members of the subcommittee. I am Shannon Jones, Executive Director of Groundwork Ohio. Thank you for the opportunity to be here today and give testimony concerning the executive and Ohio House proposal for the Ohio Department of Jobs and Family Services Budget for state fiscal years 2018 and 2019. My testimony is limited to comment and concern on the child care investments in the ODFJS budget.

As you may know, Groundwork is Ohio's statewide advocacy leader for early care and education. In addition to myself and my staff, Groundwork is governed by a robust steering committee of child-focused experts from around the state, including those who are leading the early care and education charge in their local communities, public school leaders, child advocates, and center and home child care providers. We enjoy consistent support from our funders, our largest including the United Way of Greater Cincinnati and The George Gund Foundation, and have cast a wide net of support including to those in the business community.

Quality Early Childhood Education Matters

Early care and education, and what falls under the scope of "child care," in the JFS budget is no longer merely providing basic safety and supervision to kids. The evidence is overwhelming that brains are built by early experiences – in the first five years of life, 90% of a child's brain development happens with about 1 million neural connections made every second in the early years. We have a critical period of time to position all Ohio children for success.

Not all children have the same early experiences. Poor children's ability to develop on par with their peers is greatly compromised -- by age 3, low income learners have heard an average of 30 million fewer words than their high income peers and their vocabulary is half as large. Kids who start behind often stay behind. These indisputable facts explain why the investments made during the first five years of life are so significant. The earlier the investment, the greater the return. And the greatest return is when we invest in the kids most in need.

Not only do we know that early childhood education works, now we know how it works best—and we call the best "high quality." High quality means enriching curriculum aligned with standards, highly educated teachers and low teacher to student ratios, and consistent communication and engagement with family. High quality is a powerful package that delivers not only cognitive, but social emotional skills to kids and families.

High quality programs produce high quality outcomes. The Perry Preschool Program and Abecedarian Preschool Project—long considered the quality gold standards of research because they follow children through the life course, giving us reliable longitudinal data—delivered better education, health-related behavior, and social and economic outcomes for disadvantaged children who received programming versus those who received none. Abecedarian, a comprehensive birth to age five program, had lasting effects on IQ, boosted academic and economic achievement and helped prevent the incidence of chronic disease and obesity in adulthood. At the age of 27, participants in the Perry Preschool Project had spent 1.3 fewer years in special education services, had a 44% higher high school graduation rate

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and had 50% fewer teen pregnancies. And at the age of 40, these same participants were 46% less likely to have served time in jail or prison, had a 42% higher median monthly income and were 26% less likely to have received government assistance.

Clearly, high quality outcomes translate to a high return on investment. In fact, Dr. James Heckman, a Nobel Laureate in economics and an expert in the economics of human development at the University of Chicago, recently analyzed the early childhood research and concluded that high-quality birth-to-five programs for disadvantaged children can deliver a 13% per year return on investment. For every 1 public dollar invested in these programs we see \$4.10 returned through age 21 and \$9.20 through age 40. Based on the research, we believe that even these estimates are conservative as we have not fully quantified long term health benefits of these programs—experts estimate a 16-18% ROI as more analysis is done. High quality early childhood education is changing the trajectory of kids' lives and our economy—it's the smart investment for all Ohioans.

Ohio's System Knows Quality Matters but Our Kids Still Don't Have Access to Quality

Ohio's response to all of the empirical data supporting early investments in high quality interventions was the establishment of the Step Up to Quality Program (SUTQ) with the goal of increasing access to high quality programs as part of Ohio's Race to the Top Early Learning Challenge Grant. In SUTQ, early care and education programs earn 1- to 5-Star ratings based on meeting nationally researched quality program standards administered by ODJFS. We thank the administration for their leadership and tenacity in providing a framework that embraces quality.

An independent study of SUTQ in Ohio was recently conducted to begin measuring the impact of our program. Amongst many findings, the key takeaways from the study are as follows:

1. **Higher Quality & Better Outcomes:** There is a strong correlation between children scoring higher on Ohio's Kindergarten Readiness Assessment and attendance at a 3-5 Star Rated Program.
2. **Higher Ratings Mean Better Quality:** Programs that are Star Rated showed higher quality classroom practices compared to programs that are not Star Rated.
3. **Higher Attendance Matters:** Students who attended publicly funded childcare programs over a longer period of time scored higher on average on the Kindergarten Readiness Assessment.

As a response to the Grant, the legislature affirmed the approach by setting statutory goals that mandated 100% of licensed child care providers be high quality (rated 3 to 5 stars) by 2025 with the following threshold benchmarks so that we can get better outcomes for more of the kids we are currently serving:

- By June 30, 2017, 25%
- By June 30, 2019, 40%
- By June 30, 2021, 60%
- By June 30, 2023, 80%

To ensure adequate progress towards these benchmarks, all programs are required to be rated by 2020.

The State of Ohio is making incredibly slow progress in getting kids into the programs it knows work. ODJFS's Redbook cites that in FY 2016, a total of 1,668 programs were star rated reflecting a 13.8% increase from FY 2015. However, this statistic does not provide the full picture. According to JFS data, in FY 2016, only a scant 13.2% of programs are rated high quality --- far off the statutory benchmark of 25% by this June. In fact, only 35% of *all* programs serving publicly funded children are even rated.

We appreciate and affirm Director Dungey's position that high-quality child care continues to be a priority for the agency, however, we are concerned that flat funding over the biennium does not set the stage for progress when it is already substantially behind the benchmarks established by the state.

What is even more concerning to this abysmal progress is the racial disparity among the children currently receiving publicly funded child care (PFCC): 17% of white PFCC children are in high quality programs compared to only 11% of black children. Further, 70% of black PFCC children remain in unrated programs as compared to 57% of white children.

Clearly more must be done to impact all children, but the racial inequity that exists is alarming and requires special consideration. We look forward to understanding these disparities and working with the administration and the legislature to address them.

Compounding the problem of slow progress for at-risk kids to access quality programs, however, is that the state has 38 counties in the incorrect peer group to the state's advantage. These 38 counties serve 39,711 (38.8%) of all 102,421 children being served in the state of Ohio. These 38 counties are being paid less than their similar counterparts which makes it much more difficult for them to make up any ground in improving access to quality.

For reference, the following is a list of those 38 counties who need to be moved to the correct peer group:

Allen	Erie	Licking	Sandusky
Ashland	Fairfield	Logan	Seneca
Athens	Greene	Lucas	Shelby
Auglaize	Hancock	Miami	Stark
Belmont	Harrison	Monroe	Trumbull
Carroll	Highland	Morrow	Union
Clark	Huron	Ottawa	Wayne
Columbiana	Knox	Pickaway	Wood
Cuyahoga	Lake	Portage	
Darke	Lawrence	Preble	

Amongst the counties that have been underpaid for its early childhood education services, perhaps the most significant is Cuyahoga County—one of Ohio's largest urban counties serving many of the state's poorest kids. Only 16% of Cleveland's children entering kindergarten are fully prepared for success (Ohio's Kindergarten Readiness results, 2013) and yet this county remains underfunded.

Simply put, these counties remaining in the incorrect rate category provides an additional burden to kids gaining access to quality programs in these 38 counties--over a third of our state. Funding quality in Ohio cannot be achieved without addressing this significant gap first. If this accounting injustice is fixed, children in these 38 counties will have the funds they deserve to be increasing their access to high-quality early childhood education programming.

Legislative Response

This fix necessitates a legislative response and has been cost out by the Department at \$65 million over the biennium. Given our understanding of the challenges the State and this body have during this budget cycle, we hired a data analyst, Howard Fleeter, to thoughtfully assist us in determining how we could phase in this fix. We determined that 13,840 of the 39,711 children served in the 38 counties affected by the rate injustice are in SUTQ star-rated programs. The cost to fix the rate injustice for these 13, 840 kids is \$11 million in both FY18 and FY19.

Accordingly, we are asking for your support for a new investment of \$22 million to support our most at-risk kids over the biennium. The impact of even this first phase of the fix is critical—for example, our Cuyahoga County programs estimates that this new investment will mean about \$20,000 additional dollars per classroom. Correct funding levels with this new investment supports better outcomes for Ohio kids through enriching curriculum aligned with standards, highly-educated teachers, lower teacher-to-student ratios and consistent communication and engagement with families.

Ohio House Budget Proposal Concerns

In addition to our request for a small but critical new investment in Ohio's early childhood system, we also share concerns about the following cuts made in the Ohio House's budget proposal:

1. GRF 600413 Child Care State/MOE in the JFS budget was funded at \$84,732,730 each year in the Executive Proposal and was reduced to \$83,461,739 each year in the House budget for a **total cut of \$2,541,982** over the biennium. Further, given the nature of this federal TANF funding stream, a cut to this line results in Ohio leaving additional federal dollars on the table.
2. GRF 200408 Early Childhood Education in the Department of Education budget was funded at \$70.3 million each year in the Executive Proposal and was reduced to \$67.8 million each year in the House budget for a **total cut of \$5 million** over the biennium. This line funds preschool slots and will result in fewer kids being served.

Further, an amendment included in the House bill, while sharing our objective of correcting the 38 county injustice in part, does so by reallocating current funds (Casino Operator Settlement Funds out of Early Childhood Education Line Item 600696). We have been advised by the administration that the consequence of this reallocation is the loss of approximately 1,250 slots for kids, critical funding for early childhood mental health services to our most at-risk preschool kids, and the elimination of financial supports given to programs transitioning from a 2-star program to a high quality 3-star program—without this necessary bridge, programs are unable to achieve a high quality rating. So while we are unified by the stated goal of moving these 38 counties, Groundwork's position is to do so with new dollars. Thus, as we request your support for a new investment in the amount of \$22 million over the biennium, we respectfully ask that you restore current funding levels to the proposed cuts that have been made to the system by the House.

Conclusion

The legislature understood more than a decade ago that we couldn't build our quality early childhood education system overnight but that we needed to do it incrementally, anticipating both lean and more robust budget times. This long term approach, now spanning more than a decade, was fortified by the statutory benchmarks that were put in place by the legislature. We knew that progress towards these benchmarks would require continued investments that couldn't be accomplished in a single budget cycle. As we approach this budget in an increasingly challenging fiscal environment, Groundwork looks forward to working with you to address this incremental but critical step in improving the trajectory of progress for Ohio's most important investment—our kids.